

OFFICE COPY

VOLUME III

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1960

No. 155

MICHIGAN NATIONAL BANK, ET AL.,
APPELLANTS,

vs.

MICHIGAN, ET AL.

APPEAL FROM THE SUPREME COURT OF THE STATE OF MICHIGAN

FILED JUNE 17, 1960

PROBABLE JURISDICTION NOTED OCTOBER 10, 1960

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Michigan National Bank—1952 Intangibles Tax Return

MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURN

MI-1033 691628 E 1 900400

BANKS AND

TRUST COMPANIES

CALENDAR YEAR FOR

The Michigan National Bank

Lansing, Michigan

Pay to Order of M. M. Kins, Cashier

9-0-0

Deposit only Dept. of Revenue
L. M. Kins, Cashier

Do Not Write Here

Int—LU

0.00

700400

	Amount	Tax
MI-1033 691628 E 1 900400	Int—68	0.00
Total Deposits as of December 31, 1952	252,500,200.99	
Less deposits of governmental units as of December 31	2,218,500.73	
Less Certified checks, cashiers checks, etc. as of December 31		
Total deductions	31,708,393.26	
Net Deposit liability subject to tax	250,291,807.73	
Payment at 1/35 of 1% (rate per \$1,000.00)		300.36
Elects to pay and charge back to depositor under Section 4, (State 1952)		
Total Deposits as of Subsequent Date November 30, 1952		
Less Exempt items (see per attached schedule showing nature, address and accounts on deposit on retroactive date and reason for exemption)		
Net deposit liability subject to tax		
Intangibles tax at 1/35 of 1% (rate per \$1,000.00)		
Less 3% of tax as compensation for collection		
Net amount of Intangibles Tax payable		
Elects to pay for Depositor and charges tax under Section 4, (State 1952)		
Total Deposits as of Subsequent Date November 30, 1952		
Less Exempt items (see per attached schedule showing nature, address and accounts on deposit on retroactive date and reason for exemption)		
Net deposit liability subject to tax		
Intangibles Tax at 1/35 of 1% (rate per \$1,000.00)		
Total Tax on Deposits	(31)	300.36
Total Tax on Bank (From schedule on reverse side)	(10)	12.50
TOTAL AMOUNT DUE	(31)	312.86

Michigan National Bank—1952 Intangibles Tax Return

TAX ON STOCK

and on basis of Par Value or Book Value, whichever is greater, as follows:

1 Total Outstanding Shares	2 Par Value per Share	3 Book Value per Share	4 Total Par Value	5 Total Book Value	6 Tax on Par Value	7 Tax on Book Value
500,000	\$10.00	\$20.00	5,000,000.00	10,000,000.00	17,500.00	
123,333 1/3	\$8.00	7.50	1,000,000.00	937,500.00		1,000.00
TOTAL						18,500.00

and on basis of Book Value (Sec. 26)

1 Total Outstanding Shares	2 Book Value per Share	3 Total Book Value	4 Total Par Value	5 Tax on Book Value
See letter attached				
TOTAL				

TOTAL TAX ON STOCK (Items 1 and 2) Transfer to Page one

18,500.00

COMPUTATION OF BOOK VALUE PER SHARE
(Attach separate Schedule if necessary)

On June 12, 1953

has given up the shares of Michigan National Bank raised at the hearing and has come to the conclusion that the action of the Michigan National Bank was lawful and that the shares were properly issued. The determination of the Michigan National Bank to issue No. 10,000 shares of stock is hereby confirmed and the shares are hereby declared to be validly issued.

Yours very truly,
Clarence W. [Signature]
Deputy Commissioner

Intent to Assess Deficiency for 1952

EXHIBIT 1

November 2, 1953

Michigan National Bank
Lansing, Michigan
Attention: Howard Stoddard—President

Gentlemen:

Re: Intangibles Tax Account No. 900400
Intent to Assess No. F 26730

Pursuant to your formal request on the above mentioned intent to assess, a hearing, as provided in the statute, was held on June 12, 1953.

This department has given careful consideration to the matters raised at the hearing and has come to the conclusion that the position of the Michigan National Bank is not well founded and that the assessment should issue.

It is, therefore, the determination of this department that its intent to assess No. F 26730 in the total amount of \$49,929.27 is hereby confirmed and that the date on this assessment shall be considered to read November 2, 1953.

Yours very respectfully,

Clarence W. Lock
Deputy Commission

CWL:ejc

cc—Collection Division

Payment Under Protest of Assessed Deficiency

MICHIGAN NATIONAL BANK

Battle Creek Flint Grand Rapids Lansing
Marshall Port Huron Saginaw
Lansing, Michigan

November 10, 1953

Department of Revenue
Lansing, Michigan

Dear Sirs:

Payment under protest is made concurrently herewith of the assessment of intangibles tax by Department letter of November 2, 1953, directed to the undersigned conferring Intent to Assess No. F 26730, sent with said letter. The grounds of said protest are that:

- (a) said tax is, in the words of the statute levying the same, on the "privilege of ownership" and the privilege of ownership of shares of national banks is not subject to tax by a state; and
- (b) the tax is "at a greater rate than is assessed upon other monied capital coming into competition with the business of national banks" and in particular this Bank, and is as to this Bank violative of Section 548 of Title XII of the United States Code.

In addition to said grounds of protest herein set forth, the undersigned reserves all rights to recover such payment or any part thereof which would be available if said grounds had not been stated.

Very truly yours,

Russell Fairles
Vice President

Exhibit 1

921a

*Michigan National Bank—1952 Amended Intangibles
Tax Return*

**MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURN**

**Banks and Trust Companies
Amended**

Calendar Year 1952

**Michigan National Bank
Lansing Mich**

900400 9-08-03 13

This return is submitted under the provisions of section 2a of the
Michigan Intangibles Tax Act as amended by the 1953 legislature.

TAX ON STOCK

		Tax @ 5 1/2 mills
Total Preferred Capital.....	\$1,000,000.00	
Common Capital	\$5,000,000.00	5,500.00
Surplus	5,000,000.00	
Undivided Profits	1,396,522.59	
Total	11,396,522.59	62,680.87
	Total Tax	68,180.87
1952 Tax Previously paid on Stock....		18,500.00
Balance Due or Overpayment.....		49,680.87
	Interest	248.40
	Total	49,929.27

922a

Exhibit 1

Receipt for 1952 Payment of Deficiency

MICHIGAN DEPARTMENT OF REVENUE

Lansing

R. D. 53A

Rev. Jan. 53

Pay to Order of D. Hale Brake,
State TreasurerDeposit only-Dept. of Revenue
L. M. Nims, Comm.

INTANGIBLES TAX

	Nov. 13-53	661303	E 1	900400	Int—Ck	49,929.27
11-10-53	900400	9	03	13	13	
Date	Account Number	Kind	Class	Type	County	

Name Michigan National Bank

Address Lansing

ASSESSMENT PAYMENT SECTION

Payment applied as—

Tax	\$49,680.87
License Fee \$.... Pen. \$.... Int. \$248.40	248.40

Total Amount Paid \$49,929.27

Remittance Clerk JH

Savings and Loan Associations—1952 Intangibles Tax Returns

EXHIBIT 2

EXHIBIT 2-A

MICHIGAN DEPARTMENT OF REVENUE INTANGIBLES TAX RETURN

Building and Loan and
Savings and Loan Associations
Calendar Year 1952

Calhoun Federal Savings & Loan Ass'n
15 Capital N. E.
Battle Creek, Mich.

900735 9-0-04 C 14

	Amount	Tax
A. Elects to pay under Section 3a (Rule 14A)		
Total paid-in share liability as of December 31	\$10,512,930.	98
Less paid-in value of shares owned by governmental units as of December 31	22,449.	14
Net liability subject to tax	10,490,481.	84
Payment at 1/25 of 1% (40c per \$1,000.00)	(21)	4,196.19
Total Amount Due	(24)	4,196.19

EXHIBIT 2-B

MICHIGAN DEPARTMENT OF REVENUE INTANGIBLES TAX RETURN

Building and Loan and
Savings and Loan Associations
Calendar Year 1952

Industrial Savings & Loan Ass'n.
8 W. Michigan Ave.
Battle Creek, Mich.

900736 9-0-04 C 14

	Amount	Tax
A. Elects to pay under Section 3a (Rule 14A)		
Total paid-in share liability as of December 31	\$5,970,038.94	
Less paid-in value of shares owned by governmental units as of December 31		
Net liability subject to tax	5,970,038.94	
Payment at 1/25 of 1% (40c per \$1,000.00)	(21)	2,388.01
Total Amount Due	(24)	2,388.01

924a

*Exhibits 2-C, 2-D**Savings and Loan Associations—1952 Intangibles
Tax Returns***EXHIBIT 2-C****MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURN****Building and Loan and
Savings and Loan Associations
Calendar Year 1952****First Federal Savings & Loan Ass'n of Flint
126 W. Kearsley
Flint, 3, Mich.****900762 9-0-04 C 06**

	Amount	Tax
A. Elects to pay under Section 3a (Rule 14A)		
Total paid-in share liability as of December 31	\$6,516,203.76	
Less paid-in value of shares owned by governmental units as of December 31		
Net liability subject to tax.....	6,516,203.76	
Payment at 1/25 of 1% (40c per \$1,000.00).....	(21)	2,606.88
Total Amount Due.....	(24)	2,604.88

EXHIBIT 2-D**MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURN****Building and Loan and
Savings and Loan Associations
Calendar Year 1952****Detroit & Northern Savings & Loan Ass'n.
200 Quincy St.
Hancock, Mich.****900770 9-0-04 C 71**

	Amount	Tax
A. Elects to pay under Section 3a (Rule 14A)		
Total paid-in share liability as of December 31	\$21,397,311.41	
Less paid-in value of shares owned by governmental units as at December 31	14,520.77	
Net liability subject to tax.....	21,382,790.64	
Payment at 1/25 of 1% (40c per \$1,000.00).....	(21)	8,553.11
Total Amount Due.....	(24)	8,553.11

*Savings and Loan Associations—1952 Intangibles
Tax Returns*

EXHIBIT 2-E.

MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURN

Building and Loan and
Savings and Loan Associations
Calendar Year 1952

Grand Rapids Mutual Federal Savings & Loan Ass'n.
301 Monroe Ave. N.W.
Grand Rapids 2, Mich.

900765 9-0-04 C 28

	Amount	Tax
A. Elects to pay under Section 3a (Rule 14A)		
Total paid-in shares liability as of December 31	\$15,496,286 43	
Less paid-in value of shares owned by governmental units as of December 31	none	
Net liability subject to tax	15,496,286 43	
Payment at 1/25 of 1% (40c per \$1,000.00)	(21)	6,198.51
* * *		
Total Amount Due	(24)	6,198.51

EXHIBIT 2-F

MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURN

Building and Loan and
Savings and Loan Associations
Calendar Year 1952

Mutual Home Federal Saving & Loan
88 Market N. W.
Grand Rapids 2, Mich.

900766 9 09 04 28

	Amount	Tax
A. Elects to pay under Section 3a (Rule 14A)		
Total paid-in share liability as of December 31	\$12,658,070.55	
Less paid-in value of shares owned by governmental units as of December 31		
Net liability subject to tax		
Payment at 1/25 of 1% (40c per \$1,000.00)	(21)	5,063.23
* * *		
Total Amount Due	(24)	5,063.23

*Savings and Loan Associations—1952 Intangibles
Tax Returns*

EXHIBIT 2-G

**MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURN**

Building and Loan and
Savings and Loan Associations
Calendar Year 1952

West Side Federal Savings & Loan
410 Bridge N. W.
Grand Rapids 4, Mich.

900768 9 09 04 C 28

Amount

Tax

A. Elects to pay under Section 3a (Rule 14A)

Total paid-in share liability as of De-
cember 31 \$ 4,280,331.46

Less paid-in value of shares owned by
governmental units as of December 31

Net liability subject to tax.....

Payment at 1/25 of 1% (40c per \$1,000.00) (21) 1,712.13

* * * * *

Total Amount Due..... (24) 1,712.13

EXHIBIT 2-H

**MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURN**

Building and Loan and
Savings and Loan Associations
Calendar Year 1952

Capitol Savings & Loan Co.
112 E. Allegan St.
Lansing 1, Mich.

900788 9 09 04 C 13

Amount

Tax

A. Elects to pay under Section 3a (Rule 14A)

Total paid-in share liability as of De-
cember 31

Total shareholders' accts. \$18,658,656.94

Less separate dividends.. 355,064.57

Less 10% of Optional Payt.

Sha. 608,654.17 \$17,699,938.20

Less paid-in value of shares owned by
governmental units as of December 31

14,491.99

Net liability subject to tax..... 17,685,446.21

Payment at 1/25 of 1% (40c per \$1,000.00) (21) 7,074.18

* * * * *

Total Amount Due..... (24) 7,074.18

927a

Exhibits 2-I, 2-J
Savings and Loan Associations—1952 Intangibles
Tax Returns

EXHIBIT 2-I

MICHIGAN DEPARTMENT OF REVENUE
 INTANGIBLES TAX RETURN

Building and Loan and
 Savings and Loan Associations
 Calendar Year 1952

Lansing Savings & Loan Assn.
 117 West Allegan
 Lansing 68, Mich.

900789 9 09 04 · C 13

Amount

Tax

A. Elects to pay under Section 3a (Rule 14A)

Total paid-in share liability as of December 31, 1952..... \$ 1,456,783.92

Less paid-in value of shares owned by governmental units as of December 31

Net liability subject to tax.....

Payment at 1/25 of 1% (40c per \$1,000.00)..... (21) 582.71

* * * * *

Total Amount Due..... (24) 582.71

EXHIBIT 2-J

MICHIGAN DEPARTMENT OF REVENUE
 INTANGIBLES TAX RETURN

Building and Loan and
 Savings and Loan Associations
 Calendar Year 1952

Union Building & Loan Assn.
 121 West Allegan
 Lansing 68, Mich.

900790 9 09 04 · 13

Amount

Tax

A. Elects to pay under Section 3a (Rule 14A)

Total paid-in share liability as of December 31, 1952..... \$ 4,122,134 00

Less paid-in value of shares owned by governmental units as of December 31

Net liability subject to tax..... 4,122,134 00

Payment at 1/25 of 1% (40c per \$1,000.00)..... (21) 1,648.85

* * * * *

Total Amount Due..... (24) 1,648.85

928a

Exhibits 2-K, 2-L

Savings and Loan Associations—1952 Intangibles
Tax Returns

EXHIBIT 2-K

MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURNBuilding and Loan and
Savings and Loan Associations
Calendar Year 1952East Lansing Building & Loan Assn.
303 Abbott Road
East Lansing, Mich.

900760 9 09 04 13

	Amount	Tax
A. Elects to pay under Section 3a (Rule 14A)		
Total paid-in share liability as of December 31	\$ 3,647,226.59	
Less paid-in value of shares owned by governmental units as of December 31	30,200.00	
Net liability subject to tax	3,617,026.59	
Payment at 1/25 of 1% (40c per \$1,000.00)	(21)	1,446.81
Total Amount Due	(24)	1,446.81

EXHIBIT 2-L

MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURNBuilding and Loan and
Savings and Loan Associations
Calendar Year 1952Marshall Savings & Loan Assn.
227 E. Michigan
Marshall, Michigan

900793 9-09-04 14

	Amount	Tax
A. Elects to pay under Section 3a (Rule 14A)		
Total paid-in share liability as of December 31, 1952	\$612,913 72	
Less paid-in value of shares owned by governmental units as of December 31		
Net liability subject to tax	612,913 72	
Payment at 1/25 of 1% (40c per \$1,000.00)	(21)	245.17
Total Amount Due	(24)	245.17

*Savings and Loan Associations—1952 Intangibles
Tax Returns*

EXHIBIT 2-M

MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURN

Building and Loan and
Savings and Loan Associations
Calendar Year 1952

Homestead Savings & Loan Ass'n.
403 S. Superior
Albion, Mich.

900728 9-0-04 C 14

	Amount	Tax
A. Elects to pay under Section 3a (Rule 14A)		
Total paid-in share liability as of December 31	\$764,563.68	
Less paid-in value of shares owned by governmental units as of December 31 .....	.00	
Net liability subject to tax	764,563.68	
Payment at 1/25 of 1% (40c per \$1,000.00)	(21)	305.83
Total Amount Due	(24)	305.83

EXHIBIT 2-N

MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURN

Building and Loan and
Savings and Loan Associations
Calendar Year 1952

Citizens Federal Savings & Loan Ass'n.
511 Water St.
Port Huron, Mich.

900809 9-0-04 C 07

	Amount	Tax
A. Elects to pay under Section 3a (Rule 14A)		
Total paid-in share liability as of December 31	\$6,776,205 81	
Less paid-in value of shares owned by governmental units as of December 31		
Net liability subject to tax		
Payment at 1/25 of 1% (40c per \$1,000.00)	(21)	2,710.48
Total Amount Due	(24)	2,710.48

930a

*Exhibits 2-O, 2-P**Savings and Loan Associations—1952 Intangibles
Tax Returns*

EXHIBIT 2-O

MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURNBuilding and Loan and
Savings and Loan Associations
Calendar Year 1952First Savings & Loan Ass'n.
124 S. Jefferson
Saginaw, Mich.

900816 9-0-4 C 39

	Amount	Tax
A. Elects to pay under Section 3a (Rule 14A)		
Total paid-in share liability as of December 31	\$14,485,466 37	
Less paid-in value of shares owned by governmental units as of December 31		
Net liability subject to tax.....	14,485,466 37	
Payment at 1/25 of 1% (40c per \$1,000.00).....	(21)	5,794.18
Total Amount Due.....	(24)	5,794.18

EXHIBIT 2-P

MICHIGAN DEPARTMENT OF REVENUE
INTANGIBLES TAX RETURNBuilding and Loan and
Savings and Loan Associations
Calendar Year 1952Saginaw Savings & Loan Ass'n.
Michigan Ave. at Cass
Saginaw, Michigan

900817 9-0-04 C 39

	Amount	Tax
A. Elects to pay under Section 3a (Rule 14A)		
Total paid-in share liability as of December 31	6,835,396 48	
Less paid-in value of shares owned by governmental units as of December 31		
Net liability subject to tax.....	6,835,396 48	
Payment at 1/25 of 1% (40c per \$1,000.00).....	(21)	2,734.16
Total Amount Due.....	(24)	2,734.16

*Michigan National Bank—Statement of Condition as of
12/31/52*

EXHIBIT 3

REPORT OF CONDITION OF THE MICHIGAN
NATIONAL BANK

Reserve District No. 7

of Lansing, Ingham County, Michigan, at the close of
business on December 31, 1952

Form 2130-A—Call No. 404

TREASURY DEPARTMENT

Office of the Comptroller of the Currency
Statistical—Revised March 1952

ASSETS

	Dollars	Cts.
1. Cash, balances with other banks, including reserve balance, and cash items in process of collection (Schedule D, Item 8).....	46,045,857.65	
2. United States Government obligations, direct and guaranteed (Schedule B, item 10).....	107,803,407.90	
3. Obligations of States and political subdivisions...	None	
4. Other bonds, notes, and debentures.....	None	
5. Corporate stocks (including \$300,000.00 stock of Federal Reserve bank).....	300,000.00	
6. Loans and discounts (including \$8,266.07 overdrafts) (Schedule A, item 12).....	146,411,387.26	
7. Bank premises owned \$2,992,650.33, furniture and fixtures \$939,123.49 (Bank premises owned are subject to \$597,200.00 liens not assumed by bank)	3,931,773.82	
8. Real estate owned other than bank premises.....	4,050.87	
9. Investments and other assets indirectly representing bank premises or other real estate.....	None	
10. Customers' liability to this bank on acceptances outstanding	None	
11. Other assets (total of Schedule H).....	1,305,092.05	
12. Total Assets	305,801,569.55	

*Michigan National Bank—Statement of Condition as of
12/31/52*

LIABILITIES

13. Demand deposits of individuals, partnerships, and corporations (Schedule E, item 1).....	137,353,778.95
14. Time deposits of individuals, partnerships, and corporations (Schedule F, item 1).....	110,864,022.96
15. Deposits of United States Government (including postal savings) (Schedule E, item 2, and Schedule F, item 2).....	9,303,123.84
16. Deposits of States and political subdivisions (Schedule 1, item 3, and Schedule F, item 3)....	19,582,960.77
17. Deposits of banks (Schedule E, items 4 and 5, and Schedule F, items 4 and 5).....	2,577,803.74
18. Other deposits (certified and cashier's checks, etc.) (Schedule E, item 6).....	2,818,510.73
19. Total Deposits (items 13 to 18, inclusive)....	\$282,500,200.09 (Am't not to be extended)
20. Bills payable, rediscounts, and other liabilities for borrowed money	None
21. Mortgages or other liens, \$ None on bank premises and \$ None on other real estate.....	None
22. Acceptances executed by or for account of this bank and outstanding.....	None
23. Other liabilities (total of Schedule I).....	10,262,945.97
24. Total Liabilities	<u>292,763,146.96</u>

CAPITAL ACCOUNTS

25. Capital stock:	
(a) Class A preferred, total par \$1,000,000.00, retirable value \$1,000,000.00 (Rate of dividends on retirable value is 4%)	
(b) Class B preferred, total par \$ None, retirable value \$ None (Rate of dividends on retirable value is%)	6,000,000.00
(c) Common stock, total par \$5,000,000.00.....	
26. Surplus	5,000,000.00
27. Undivided profits	1,396,522.59
28. Reserves (and retirement account for preferred stock)	641,900.00
29. Total Capital Accounts.....	<u>13,038,422.59</u>
30. Total Liabilities and Capital Accounts.....	<u>305,801,569.55</u>

Michigan National Bank—Statement of Condition as of
12/31/52

MEMORANDA

31. Assets pledged or assigned to secure liabilities and for other purposes (including notes and bills re-discounted and securities sold with agreement to repurchase)	18,553,804.68
32. (a) Loans as shown above are after deduction of reserves of (Schedule A, item 11)	1,893,000.00
(b) Securities as shown above are after deduction of reserves of	None
(Optional with banks to report subitems 32(a) and (b))	

I, Miles Grant, Vice President and Cashier, of the above-named bank, do solemnly swear that the above statement is true and that the Schedules on the back of this report fully and correctly represent the true state of the several matters therein contained and set forth, to the best of my knowledge and belief.

Miles D. Grant,
Vice President and Cashier.

Correct.—Attest. H. J. Stoddard,
Mervin T. Coates,
D. M. Shotwell,
Directors.

State of Michigan,
County of Ingham—ss.

Sworn to and subscribed before me this 6th day of January, 1953,
and I hereby certify that I am not an officer or director of this bank.

George D. McKinney, Notary Public.

My commission expires September 3, 1956.
(Notarial Seal)

ASSETS

STATE OF CONNECTICUT
Highway Building Fund
 (all offices)

12-31-52

12-31-51

Cash on Hand
 Clearing and Transit Items
 Federal Reserve Bank
 Due from Other Banks

4,874,982
 15,444,451
 18,044,982
 7,228,077

4,297,368
 16,012,710
 16,677,914
 3,317,104

Total Cash and Due from Banks

16,142,362

10,321,078

United States Securities
 Federal Reserve Stock

109,110,077
 300,000

93,180,938
 270,000

Total Securities

209,440,077

91,450,938

Loans - General
 - FHA Mortgage
 - Other Mortgage
 - Installment

28,698,906
 24,944,797
 34,892,131
 27,828,541

24,844,910
 21,049,583
 33,374,493
 52,622,366

Total Loans

116,364,375

131,931,351

Bank Buildings
 Furniture and Equipment
 Accrued Income Receivable
 Other Assets

2,992,630
 939,123
 644,264
 644,878

2,895,022
 809,175
 560,553
 557,071

Total Other Assets

4,210,895

4,822,232

Total Resources

222,147,723

272,510,223

LIABILITIES

Federal Funds
 State Funds
 County Funds
 City Funds
 Other Public Funds

9,083,123
 646,162
 1,787,099
 6,337,017
 4,327,836

6,208,996
 795,797
 1,414,280
 7,164,096
 2,538,684

Sub-total Public Funds

22,073,240

18,121,656

Treasurer's Checks etc.
 Trust Funds
 Due to Banks
 Commercial deposits

2,818,510
 2,997,182
 2,442,008
 134,336,386

2,016,978
 2,659,529
 2,534,374
 121,118,536

Total Commercial Deposits

140,737,536

146,451,076

Club Deposits
 Time Certificates
 Savings Deposits

313,895
 36,893,649
 80,688,643

265,879
 28,174,359
 74,513,780

Total Savings Deposits

117,895,167

102,954,018

Total Deposits

258,632,703

249,405,095

Accrued Bond Amortization
 Deprec. Building and Equipment
 Dividend Preferred Stock
 Federal Taxes
 Interest and Expenses
 Unearned Income
 Other Liabilities

1,336,649
 -
 -
 2,049,905
 1,185,074
 6,713,399
 204,362

1,151,902
 -
 20,000
 2,147,200
 814,357
 5,440,437
 141,972

Total Other Liabilities

11,289,991

9,717,870

Preferred Stock
 Common Stock
 Surplus
 Profits and Reserves

1,000,000
 5,000,000
 5,000,000
 1,322,432

1,000,000
 4,000,000
 4,000,000
 4,387,257

Total Capital Funds

12,322,432

13,387,257

Total Liabilities

270,167,723

272,510,223

Exhibit 4-A
Michigan National Bank
STATEMENT OF CONDITION

937a

BATTLE CREEK OFFICE

<u>RESOURCES</u>	<u>12-31-52</u>	<u>12-31-51</u>
Cash on Hand	1,083,020	936,304
Clearing and Transit Items	347,354	280,854
Central Office Account	<u>17,523,919</u>	<u>17,473,150</u>
Total Cash and Surplus Funds	<u>18,954,293</u>	<u>18,690,310</u>
Loans - General	3,280,202	2,421,770
Loans - F. N. A. Mortgages	4,844,691	3,479,678
Loans - Other Mortgages	5,814,353	6,086,026
Loans - Installment	<u>5,215,477</u>	<u>4,477,403</u>
Total Loans	<u>18,954,723</u>	<u>16,464,878</u>
Bank Buildings	947,115	983,115
Furniture and Equipment	<u>158,675</u>	<u>139,673</u>
Total Real Estate and Equipment	<u>1,105,790</u>	<u>1,122,988</u>
Overdrafts	6,749	1,387
Accounts Receivable	1,299	507
Miscellaneous	<u>7,290</u>	<u>5,401</u>
Total Other	<u>15,338</u>	<u>7,596</u>
Total Resources	<u>39,030,347</u>	<u>36,285,874</u>

<u>LIABILITIES</u>		
Federal Funds	46,846	63,064
County Funds	302,332	169,735
City Funds	1,052,033	785,268
Other Public Funds	<u>522,493</u>	<u>423,420</u>
Sub-Total Public Funds	<u>1,923,706</u>	<u>1,441,489</u>
Cashier's Checks, etc.	244,714	239,187
Due to Banks	26,677	25,275
Commercial Deposits	<u>17,779,135</u>	<u>16,878,227</u>
Total Commercial Deposits	<u>19,974,233</u>	<u>18,584,179</u>
Club Deposits	120,396	97,020
Time Certificates	4,836,911	4,174,910
Savings Deposits	<u>14,098,806</u>	<u>13,429,764</u>
Total Savings Deposits	<u>19,056,114</u>	<u>17,701,695</u>
Total Deposits	<u>39,030,347</u>	<u>36,285,874</u>
Total Liabilities	<u>39,030,347</u>	<u>36,285,874</u>

STATEMENT OF CONDITION

PLANT OFFICE

RESOURCES	12-31-52	12-31-51
Cash on Hand	376,636	486,737
Clearing and Transit Items	425,217	356,333
Control Office Account	10,227,002	8,940,271
Total Cash and Surplus Funds	11,028,855	9,783,341
Loans - General	872,517	1,174,325
Loans - F. H. A. Mortgages	6,943,609	5,543,339
Loans - Other Mortgages	5,489,040	5,515,351
Loans - Installment	5,622,486	4,532,963
Total Loans	18,545,663	16,765,944
Furniture and Equipment	107,705	100,601
Other Real Estate	4,020	2,481
Total Real Estate and Equipment	111,725	103,082
Overdrafts	57	1,950
Trust Advances	2,000	2,000
Accounts Receivable		96
Miscellaneous	14,572	130,950
Total Other	16,630	134,999
Total Resources	29,682,906	26,787,367
LIABILITIES		
Fiducial Funds	1,229,193	1,112,793
County Funds	293,748	111,846
City Funds	1,412,982	2,135,140
Other Public Funds	170,351	273,751
Sub-Total Public Funds	3,046,276	3,633,532
Cashier's Checks, etc.		
Trust Funds	269,254	219,582
Due to Banks	724,629	784,639
Commercial Deposits	178,953	139,398
Total Commercial Deposits	9,382,843	8,378,304
Savings Deposits	13,603,657	13,153,537
Certificate Deposits	26,479	23,930
Savings Deposits	5,160,417	3,925,995
Total Savings Deposits	10,692,351	9,683,904
Total Deposits	16,079,248	13,633,430
Total Liabilities	29,682,906	26,787,367
Total Liabilities	29,682,906	26,787,367

STATE OF NEW YORK
STATEMENT OF CONDITION

STATE SAVINGS OFFICE

ASSETS

12-31-30

12-31-31

Cash on Hand	748,071	628,617
Clearing and Transit Items	880,412	979,596
Central Office Account	1,461,430	1,262,072
Total Cash and Surplus Funds	2,089,913	1,870,285
Loans - General	6,344,774	5,324,495
Loans - F. H. A. Mortgages	4,399,740	3,393,399
Loans - Other Mortgages	2,444,499	2,406,837
Loans - Installment	22,888,211	22,822,211
Total Loans	33,077,224	31,946,942
Bank Buildings	222,271	228,453
Furniture and Equipment	144,142	133,724
Total Real Estate and Equipment	366,413	362,177
Overdrafts	888	1,487
Trust Advances	14,846	11,473
Accounts Receivable	77,512	26,979
Miscellaneous	187,382	15,872
Total Other	270,628	55,811
Total Resources	33,737,401	32,023,087

LIABILITIES

Federal Funds	183,087	136,688
State Funds		192,154
City Funds	971,546	1,255,613
Other Public Funds	4,082	5,461
Sub-Total Public Funds	1,158,715	1,589,916
Cashier's Checks, etc.	394,939	399,946
Trust Funds	2,142,071	1,949,495
Due to Banks	1,243,389	1,215,833
Commercial Deposits	22,224,217	21,246,510
Total Commercial Deposits	23,664,606	22,561,784
Club Deposits	14,232	15,771
Time Certificates	3,784,714	4,835,086
Savings Deposits	2,128,422	2,025,240
Total Savings Deposits	5,927,368	6,856,107
Total Deposits	29,591,974	29,418,097
Total Liabilities	33,737,401	32,023,087

STATE OF NEW YORK

BALANCE SHEET

	12-31-52	12-31-51
Cash on Hand	1,000.00	1,000.00
Working and Traveling Funds	1,000.00	1,000.00
Central Office Accounts	1,000.00	1,000.00
Total Cash and Working Funds	3,000.00	3,000.00
Real Estate - General	10,000.00	9,700.00
- F. H. A. Mortgages	3,000.00	3,100.00
- Other Mortgages	3,100.00	3,000.00
- Installments	1,000.00	1,000.00
Total Real Estate	17,100.00	16,800.00
Buildings	100.00	100.00
Furniture and Equipment	100.00	100.00
Total Real Estate and Equipment	17,200.00	16,900.00
Grants	100.00	100.00
Miscellaneous	100.00	100.00
Total Other	200.00	200.00
Total Resources	20,400.00	20,100.00

LIABILITIES

General Funds	100,000	100,000
State Funds	100,000	100,000
County Funds	100,000	100,000
City Funds	100,000	100,000
Other Public Funds	100,000	100,000
Sub-Total Public Funds	500,000	500,000
Banker's Checks, etc.	100,000	100,000
Deposits to Banks	100,000	100,000
Commercial Deposits	100,000	100,000
Total Commercial Deposits	300,000	300,000
Savings Deposits	100,000	100,000
Certificates	100,000	100,000
Insurance Deposits	100,000	100,000
Total Savings Deposits	300,000	300,000
Total Deposits	600,000	600,000
Total Liabilities	600,000	600,000

STATEMENT OF CONDITION

MARSHALL CITIZEN

RESOURCES

	<u>12-31-31</u>	<u>12-31-31</u>
Cash on Hand	175,283	128,437
Clearing and Transit Items	739	248
Central Office Account	6,282,171	6,282,811
Total Cash and Surplus Funds	<u>7,138,193</u>	<u>6,411,496</u>
Loans - General	1,387,877	999,796
- F. E. A. Mortgages	85,189	897,813
- Other Mortgages	1,284,891	1,304,896
- Installments	1,127,117	1,097,086
Total Loans	<u>1,597,183</u>	<u>1,899,695</u>
Bank Buildings, Estate and Equipment	31,493	33,193
Furniture and Equipment	21,821	21,382
Total Real Estate and Equipment	<u>53,314</u>	<u>54,575</u>
Overdrafts	73	125
Miscellaneous	1,261	2,302
Total Other	<u>1,334</u>	<u>2,427</u>
Total Resources	<u>12,972,811</u>	<u>12,972,179</u>

LIABILITIES

Federal Funds	9,185	10,434
State Funds	7,449	8,123
County Funds	297,000	131,000
City Funds	229,223	150,000
Other Public Funds	122,822	125,975
Sub-total Public Funds	<u>666,689</u>	<u>525,532</u>
Cashier's Checks, etc.	60,000	60,000
Commercial Deposits	1,252,221	1,730,978
Total Commercial Deposits	<u>1,312,221</u>	<u>1,790,978</u>
Club Deposits	22,746	20,317
Time Certificates	1,284,891	944,893
Savings Deposits	1,284,891	1,277,687
Total Savings Deposits	<u>2,569,782</u>	<u>2,242,890</u>
Total Deposits	<u>12,972,811</u>	<u>12,972,179</u>
Total Liabilities	<u>12,972,811</u>	<u>12,972,179</u>

STATEMENT OF CONDITION

	<u>12-31-72</u>	<u>12-31-71</u>
ASSETS		
Cash on Hand	88,897	846,988
Clearing and Transit Items	487,178	321,128
Central Office Account	<u>17,828,632</u>	<u>16,866,972</u>
Total Cash and Surplus Funds	<u>18,404,607</u>	<u>17,235,088</u>
Loans - General	3,819,489	3,345,023
- F. H. A. Mortgages	8,089,942	1,973,135
- Other Mortgages	7,182,321	6,988,099
- Installment	<u>1,972,888</u>	<u>4,089,762</u>
Total Loans	<u>17,982,378</u>	<u>13,295,961</u>
Real Buildings	221,475	947,802
Furniture and Equipment	<u>122,222</u>	<u>138,222</u>
Total Real Estate and Equipment	<u>1,021,222</u>	<u>1,086,311</u>
Overdrafts	15	32
Other Assets	1,304	761
Accounts Receivable	1,160	93
Miscellaneous	<u>48,775</u>	<u>112,190</u>
Total Other	<u>21,254</u>	<u>113,077</u>
Total Resources	<u>17,729,462</u>	<u>18,032,460</u>

LIABILITIES		
Federal Funds	31,482	109,712
State Funds	171,941	239,234
Other Public Funds	<u>22,722</u>	<u>182,046</u>
Sub-Total Public Funds	<u>22,722</u>	<u>479,732</u>
Cashier's Checks, etc.	275,374	311,134
Due to Banks	179,455	279,232
Commercial Deposits	<u>12,122,000</u>	<u>11,722,515</u>
Total Commercial Deposits	<u>12,122,000</u>	<u>12,312,879</u>
Club Deposits	29,921	29,921
Time Certificates	6,029,829	4,749,500
Savings Deposits	<u>13,217,322</u>	<u>12,421,921</u>
Total Savings Deposits	<u>13,217,322</u>	<u>12,421,921</u>
Total Deposits	<u>13,217,322</u>	<u>12,421,921</u>
Total Liabilities	<u>13,217,322</u>	<u>12,421,921</u>

*Michigan National Bank—1952 Borrower and Depositor
Activity Reports*

EXHIBIT 4-B

MICHIGAN NATIONAL BANK

CONSOLIDATED ACTIVITY REPORT

(All offices)

	12-31-52 Number
Borrowers—General Loans	4,328
—Mortgage Loans	11,582
—Installment Loans	81,719
Total Borrowers	97,629
Commercial Accounts	68,655
Savings Accounts	124,731
Certificate Depositors	6,137
Club Accounts	28,693
Total Depositors	228,216

MICHIGAN NATIONAL BANK

BATTLE CREEK OFFICE

Description	12-31-52 Number
Borrowers—General Loan	418
—Mortgage Loan	2,428
—Installment Loan	11,644
Total Borrowers	14,490
Commercial Accounts	13,291
Savings Book Accounts	24,570
Certificate Depositors	1,051
Club Accounts	9,722
Total Depositors	48,684

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Exhibit 4-B

Michigan National Bank—1952 Borrower and Depositor
Activity Reports

MICHIGAN NATIONAL BANK

FLINT OFFICE

Description	12-31-52 Number
Borrowers—General Loan	136
—Mortgage Loan	2,239
—Installment Loan	11,182
Total Borrowers	13,557
Commercial Accounts	8,696
Savings Book Accounts	17,369
Certificate Depositors	499
Club Accounts	2,771
Total Depositors	29,335

MICHIGAN NATIONAL BANK

GRAND RAPIDS OFFICE

Description	12-31-52 Number
Borrowers—General Loan	546
—Mortgage Loan	1,135
—Installment Loan	22,156
Total Borrowers	23,837
Commercial Accounts	8,360
Savings Book Accounts	11,441
Certificate Depositors	1,149
Club Accounts	1,685
Total Depositors	22,635

Exhibit 4-B**946a****Michigan National Bank—1952 Borrower and Depositor
Activity Reports****MICHIGAN NATIONAL BANK****LANSING OFFICE**

Description	12-31-52 Number
Borrowers—General Loan	1,053
—Mortgage Loan	1,382
—Installment Loan	12,824
Total Borrowers	15,259
Commercial Accounts	15,869
Savings Book Accounts	19,754
Certificate Depositors	1,344
Club Accounts	4,905
Total Depositors	41,872

MICHIGAN NATIONAL BANK**MARSHALL OFFICE**

Description	12-31-52 Number
Borrowers—General Loan	483
—Mortgage Loan	277
—Installment Loan	3,423
Total Borrowers	4,183
Commercial Accounts	3,032
Savings Book Accounts	5,387
Certificate Depositors	214
Club Accounts	1,332
Total Depositors	9,965

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Exhibit 4-B

Michigan National Bank—1952 Borrower and Depositor
Activity Reports

MICHIGAN NATIONAL BANK

PORT HURON OFFICE

Description	12-31-52 Number
Borrowers—General Loan	1,260
—Mortgage Loan	2,295
—Installment Loan	11,109
Total Borrowers	14,664
Commercial Accounts	8,704
Savings Book Accounts	19,717
Certificate Depositors	863
Club Accounts	5,530
Total Depositors	34,814

MICHIGAN NATIONAL BANK

SAGINAW OFFICE

Description	12-31-52 Number
Borrowers—General Loan	432
—Mortgage Loan	1,826
—Installment Loan	9,381
Total Borrowers	11,639
Commercial Accounts	10,703
Savings Book Accounts	26,493
Certificate Depositors	1,017
Club Accounts	2,698
Total Depositors	40,911

Michigan National Bank

CONSOLIDATED
(Call Office)
LOANS MADE AND PAID

*Notes Ex 4-
7/2/58
JFE*

Description	Balance Start of Period	New Loans	Principal Payments	Balance Close of Period
<u>December 1952</u>				
General Loans	27,649,009	7,333,001	6,307,416	28,674,594
FHA Mortgages	26,399,326	1,016,933	631,482	26,944,797
G.I. Mortgages	10,382,301	47,487	117,265	10,512,523
Other Mortgages	24,346,538	901,884	948,434	24,339,608
Installment Loans	<u>60,665,960</u>	<u>6,772,851</u>	<u>2,442,862</u>	<u>57,898,551</u>
Total	<u>149,843,734</u>	<u>16,071,176</u>	<u>17,634,832</u>	<u>148,280,073</u>
<u>Year to Date 1952</u>				
General Loans	26,845,099	78,484,926	76,635,431	28,674,594
FHA Mortgages	21,069,583	10,913,409	5,036,195	26,944,797
G.I. Mortgages	11,652,907	342,385	1,682,669	10,512,523
Other Mortgages	21,721,586	12,213,871	9,995,849	24,339,608
Installment Loans	<u>52,622,966</u>	<u>83,837,134</u>	<u>78,631,611</u>	<u>57,898,551</u>
Total	<u>133,922,141</u>	<u>185,751,687</u>	<u>171,623,755</u>	<u>148,280,073</u>

N° 8° 8°
BATTLE CREEK OFFICE
LOANS MADE AND PAID

<u>Description</u>	<u>Balance Start of Period</u>	<u>New Loans</u>	<u>Principal Payments</u>	<u>Balance Close of Period</u>
<u>December 1952</u>				
General Loans	3,410,343	372,285	495,697	3,286,931
FHA Mortgages	4,366,346	115,687	37,562	4,644,691
G.I. Mortgages	3,034,099	111	26,489	3,007,721
Other Mortgages	2,794,083	162,187	109,368	2,806,831
Installment Loans	<u>5,183,348</u>	<u>542,307</u>	<u>510,180</u>	<u>5,215,472</u>
Total	<u>18,988,399</u>	<u>1,193,579</u>	<u>1,179,496</u>	<u>18,991,472</u>

<u>Year to Date 1953</u>				
General Loans	2,423,157	4,785,249	3,921,455	3,286,951
FHA Mortgages	3,479,678	1,384,930	419,917	4,644,691
G.I. Mortgages	3,392,581	25,896	410,956	3,007,521
Other Mortgages	2,693,444	1,452,643	1,339,256	2,806,831
Installment Loans	<u>4,477,401</u>	<u>7,657,004</u>	<u>6,918,930</u>	<u>5,215,472</u>
Total	<u>16,466,261</u>	<u>15,305,722</u>	<u>13,000,516</u>	<u>18,991,472</u>

N. W. 8
PLANT OFFICE

LOANS MADE AND PAID

<u>Description</u>	<u>Balance Start of Period</u>	<u>New Loans</u>	<u>Principal Payments</u>	<u>Balance Close of Period</u>
<u>December 1952</u>				
General Loans	861,728	479,710	444,863	874,575
FHA Mortgages	6,430,181	176,000	44,372	6,561,609
G.I. Mortgages	2,441,180	10,176	29,836	2,421,520
Other Mortgages	3,039,444	231,398	303,532	3,067,520
Installment Loans	<u>1,516,186</u>	<u>667,641</u>	<u>572,332</u>	<u>1,611,495</u>
Total	<u>18,320,722</u>	<u>1,566,926</u>	<u>1,392,933</u>	<u>18,547,721</u>

Year to Date 1952

General Loans	1,176,276	3,422,992	5,726,693	874,575
FHA Mortgages	3,543,339	1,543,873	325,603	6,561,609
G.I. Mortgages	2,708,835	110,454	399,769	2,421,520
Other Mortgages	2,836,480	1,329,446	1,048,407	3,067,520
Installment Loans	<u>1,312,361</u>	<u>8,767,188</u>	<u>7,437,436</u>	<u>1,611,495</u>
Total	<u>16,786,871</u>	<u>17,173,954</u>	<u>15,938,138</u>	<u>18,547,721</u>

M. N. C.
GRAND RAPIDS OFFICE
LOANS MADE AND PAID

Description	Balance Start of Period	New Loans	Principal Payments	Balance Close of Period
December 1952				
General Loans	6,117,160	1,733,374	1,448,824	6,381,650
FHA Mortgages	4,599,511	380,946	420,328	4,559,749
G.I. Mortgages	956,824	6,900	2,822	962,502
Other Mortgages	2,336,732	34,449	109,085	2,282,396
Installment Loans	22,202,428	2,161,814	6,325,282	27,877,366
Total	41,822,305	5,316,725	8,326,447	43,646,213

* This includes Trailer Notes sold to National City New York, 2,215,733 - First National, Philadelphia 1,087,417 and Chase National 878,444.

Year to Date 1952				
General Loans	5,354,138	21,210,347	20,183,097	6,381,650
FHA Mortgages	3,353,399	3,830,283	2,723,925	4,559,749
G.I. Mortgages	717,982	34,281	209,720	962,502
Other Mortgages	1,932,376	1,440,089	1,380,085	2,282,396
Installment Loans	22,825,211	40,875,028	40,826,128	27,877,366
Total	41,269,105	67,400,314	61,311,035	43,646,213

P. N. B.
LOANING OFFICE
LOAN BALANCE SHEET

Description	Balance Start of Period	New Loans	Principal Payments	Balance Close of Period
December 1932				
General Loans	10,237,871	2,024,873	2,244,773	10,015,673
FHA Mortgages	5,024,197	220,900	34,742	5,991,895
G.I. Mortgages	947,730		28,700	919,007
Other Mortgages	4,222,972	133,908	133,343	4,192,737
Installment Loans	4,242,432	371,941	224,024	4,881,385
Total	24,214,382	2,320,622	2,326,837	25,920,697

Year to Date 1933				
General Loans	9,702,409	24,787,043	24,473,799	10,015,673
FHA Mortgages	4,314,322	2,133,642	436,009	5,991,895
G.I. Mortgages	1,044,430	20,430	146,076	919,007
Other Mortgages	3,279,396	2,391,827	1,478,176	4,192,737
Installment Loans	4,177,242	7,134,027	4,320,352	4,881,385
Total	22,537,800	24,467,472	21,024,432	25,920,697

W-3
NATIONAL OFFICE
LOAN DATA AND PAID

Description	Balance Start of Period	New Loans	Principal Payments	Balance Close of Period
<u>December 1952</u>				
General Loans	1,399,793	350,038	372,933	1,397,898
FHA Mortgages	489,221	31,500	15,532	485,189
G.I. Mortgages	152,938		1,311	151,647
Other Mortgages	1,102,737	7,450	12,543	1,096,624
Installment Loans	1,489,312	238,714	221,908	1,722,118
Total	<u>4,533,002</u>	<u>627,702</u>	<u>622,224</u>	<u>4,853,476</u>

Year to date 1952

General Loans	999,922	2,631,142	2,233,166	1,397,898
FHA Mortgages	297,813	236,148	48,772	485,189
G.I. Mortgages	211,854	11,900	74,707	151,647
Other Mortgages	1,099,989	217,454	220,813	1,096,624
Installment Loans	<u>1,288,241</u>	<u>2,583,320</u>	<u>2,142,443</u>	<u>1,722,118</u>
Total	<u>3,877,819</u>	<u>5,479,964</u>	<u>4,719,301</u>	<u>4,853,476</u>

M-N-B
FIRST UNION OFFICE
LOANS MADE AND PAID

Description	Balance Start of Period	New Loans	Principal Payments	Balance Close of Period
December 1932	3,481,120	1,051,400	312,070	3,522,654
General Loans	3,251,946	1,341,530	1,070,441	3,522,654
FHA Mortgages	2,729,099	24,200	97,130	2,696,120
G.I. Mortgages	1,808,848	30,700	14,821	1,824,937
Other Mortgages	5,388,431	126,490	128,956	5,386,334
Installment Loans	4,655,382	777,032	615,354	5,014,470
Total	18,073,116	2,300,132	1,826,732	18,444,517
Year to Date 1932	3,341,000	9,137,070	3,079,899	3,522,654
General Loans	3,078,413	10,496,140	10,419,099	3,522,654
FHA Mortgages	2,507,934	803,343	615,397	2,696,120
G.I. Mortgages	1,777,195	225,290	177,508	1,824,937
Other Mortgages	5,078,273	2,284,490	1,980,449	5,386,334
Installment Loans	4,173,191	8,269,270	7,407,935	5,014,470
Total	17,402,932	21,886,426	20,933,170	18,444,517

M-N-B
SAGINAW OFFICE
LOANS MADE AND PAID

Description	Balance Start of Period	New Loans	Principal Payments	Balance Close of Period
<u>December 1952</u>				
General Loans	2,480,110	1,092,486	312,092	3,219,505
FHA Mortgages	1,958,629	66,500	19,586	2,005,543
G.I. Mortgages	1,638,682		13,293	1,625,389
Other Mortgages	5,535,345	204,022	232,225	5,507,162
Installment Loans	<u>5,466,922</u>	<u>790,320</u>	<u>686,254</u>	<u>5,572,689</u>
Total	<u>17,079,379</u>	<u>2,112,328</u>	<u>1,261,449</u>	<u>17,930,288</u>

Year to Date 1952

General Loans	3,345,024	9,153,770	9,279,389	3,219,505
FHA Mortgages	1,573,136	681,007	248,600	2,005,543
G.I. Mortgages	1,706,827	94,496	255,934	1,625,389
Other Mortgages	4,802,232	2,931,990	2,226,020	5,507,162
Installment Loans	<u>4,092,762</u>	<u>8,160,622</u>	<u>6,677,764</u>	<u>5,572,689</u>
Total	<u>15,520,961</u>	<u>21,021,914</u>	<u>18,687,587</u>	<u>17,930,288</u>

Exhibit 4-E

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Michigan National Bank—1952 F.H.A. Installment Loans

EXHIBIT 4-E

MICHIGAN NATIONAL BANK
CONSOLIDATED
(All offices)

	No.	December 31, 1952 Amount	%
FHA	24,447	8,317,457	14
Total	81,719	57,808,551	100

MICHIGAN NATIONAL BANK
BATTLE CREEK OFFICE
INSTALLMENT-LOAN DEPARTMENT

	No.	December 31, 1952 Amount
FHA	4178	1,475,708
Total	11644	5,215,477

MICHIGAN NATIONAL BANK
FLINT OFFICE
INSTALLMENT LOAN DEPARTMENT

	No.	December 31, 1952 Amount
FHA	4032	1,202,313
Total	11182	5,622,496

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Exhibit 4-E

Michigan National Bank—1952 F.H.A. Installment Loans

MICHIGAN NATIONAL BANK
GRAND RAPIDS OFFICE
INSTALLMENT LOAN DEPARTMENT

		December 31, 1952	
		No.	Amount
FHA	.....	3,222	1,106,488
Total	.....	22,156	29,859,915

MICHIGAN NATIONAL BANK
LANSING OFFICE
INSTALLMENT LOAN DEPARTMENT

		December 31, 1952	
		No.	Amount
FHA	.....	6627	2,187,974
Total	.....	12824	4,801,385

MICHIGAN NATIONAL BANK
MARSHALL OFFICE
INSTALLMENT LOAN DEPARTMENT

		December 31, 1952	
		No.	Amount
FHA	.....	498	206,212
Total	.....	3423	1,722,118

Michigan National Bank—1952 F.H.A. Installment Loans

MICHIGAN NATIONAL BANK

PORT HURON OFFICE

INSTALLMENT LOAN DEPARTMENT

		December 31, 1952	
		No.	Amount
FHA	.....	2625	849,394
Total	.....	11109	5,014,470

MICHIGAN NATIONAL BANK

SAGINAW OFFICE

INSTALLMENT LOAN DEPARTMENT

		December 31, 1952	
		No.	Amount
FHA	.....	3265	1,289,367
Total	.....	9381	5,572,689

Exhibit 5-H
Michigan National Bank—Summary of 1952 Real Estate Loans
959a
7-14-55
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REAL ESTATE MORTGAGE LOANS MADE IN 1952

Residential				Commercial			
	No.	Amount	Average		Amount	Average	Total
B. C.	487	2,800,436	5,750	25	330,199	13,208	3,130,657
Flint	335	2,240,756	6,689	12	471,000	39,250	2,711,756
Grand Rapids	603	4,816,515	7,988	17	674,456	39,674	5,490,971
Lansing	349	2,844,638	8,150	20	1,527,200	76,360	4,471,838
Marshall	82	462,825	5,649	3	30,000	10,000	492,825
Port Huron	480	2,725,090	5,679	27	543,384	20,125	3,269,474
Saginaw	412	2,552,756	6,222	33	1,052,300	31,888	3,611,656
Total	2,728	18,550,638	6,802	137	4,628,539	31,785	23,179,177

FHA REAL ESTATE MORTGAGE LOANS MADE IN 1952

	No.	Amount	Average
Battle Creek	203	1,631,350	8,036
Flint	176	1,501,550	8,531
Grand Rapids	446	3,869,050	8,675
Lansing	244	2,154,473	8,830
Marshall	30	224,718	7,490
Port Huron	98	786,900	8,030
Saginaw	26	701,150	7,304
Total	1,223	10,862,191	8,906

GI REAL ESTATE MORTGAGE LOANS MADE IN 1952

	No.	Amount	Average
Battle Creek	3	19,970	6,657
Flint	9	73,090	8,117
Grand Rapids	2	14,500	7,250
Lansing	2	20,450	10,225
Marshall	1	11,500	11,500
Port Huron	24	225,250	9,385
Saginaw	10	91,800	9,180
Total	31	456,560	8,951

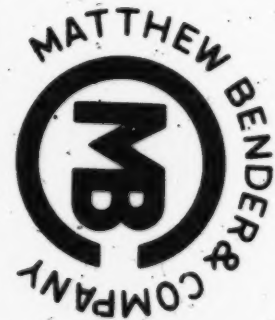
REGULAR REAL ESTATE MORTGAGE LOANS MADE IN 1952

Residential				Commercial			
	No.	Amount	Average		Amount	Average	Total
Battle Creek	281	1,149,606	4,091	25	330,199	13,208	1,479,805
Flint	190	666,156	3,441	12	471,000	39,250	1,137,156
Grand Rapids	155	932,265	6,015	17	674,456	39,674	1,606,721
Lansing	83	769,715	9,274	20	1,527,200	76,360	2,296,915
Marshall	51	226,607	4,443	3	30,000	10,000	256,607
Port Huron	354	1,713,940	4,788	27	543,384	20,125	2,257,324
Saginaw	308	1,766,406	5,732	33	1,052,300	31,888	2,818,706
Total	1,330	7,224,629	5,370	137	4,628,539	31,785	11,853,165

MICROCARD

TRADE MARK 

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*Michigan Savings and Loan Associations—Statement of
Condition as of 12/31/52*

EXHIBIT 6*

Table No. 9—MEMBER SAVINGS AND LOAN ASSOCIATIONS

Assets and Liabilities—By States and Class of Association

December 31, 1952—Continued

(Amounts in thousands of dollars)

Michigan

State-Chartered

Items	Total Members	Federal	Insured	Uninsured
Number of associations . . .	63	36	19	8
ASSETS				
First mortgage loans . . .	420,871	298,711	95,769	26,391
Other loans	3,319	2,601	481	237
Real estate sold on con- tract	11,756	5,568	3,984	2,204
Real estate owned	558	221	332	5
FHLB stock	9,338	6,584	2,173	581
U. S. Government obli- gations	38,841	25,599	11,294	1,948
Other investments	144	6	134	4
Cash on hand and in banks	43,433	33,240	8,667	1,526
Office building (net)	4,997	3,385	1,074	538
Furniture and fixtures (net)	815	613	162	40
Other assets	242	125	110	7
Total Assets	534,314	376,653	124,180	33,481
LIABILITIES AND CAPITAL				
Savings capital	465,468	333,863	104,464	27,141
Mortgage pledged shares . .	—	—	—	—
Advances from FHLB	18,008	10,500	6,787	721
Other borrowed money . . .	20	—	—	20
Loans in process	7,351	4,309	2,715	327
Other liabilities	3,317	2,870	587	360
Permanent stock	—	—	—	—
Deferred credits	487	342	83	62
Specific reserves	248	124	75	49
General reserves	26,587	16,574	6,734	3,279
Undivided profits	12,828	8,571	2,735	1,522
Total Liabilities and Capital	534,314	376,653	124,180	33,481

*Extracted from Combined Financial Statements of Members of
the Home Loan Bank System, 1952, Home Loan Bank, Board, p. 28.

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Exhibit 6-A

1956 Mortgage Recordings by Type of Lender

EXHIBIT 6-A*

NONFARM MORTGAGE RECORDINGS OF \$20,000 OR LESS

By Type of Mortgagee, FHLB District and Selected States

TABLE 26.

(\$000 Omitted)

FHLB
District and
Selected
States
1956

	Total	Savings Assns.	Insurance Companies	Commercial Banks	Mutual Savings Banks	Individuals	Miscellaneous
United States	\$27,087,987	\$9,532,411	\$1,798,540	\$5,458,487	\$1,823,716	\$3,557,507	\$4,917,339
Michigan	1,090,332	219,592	98,595	323,910	—	78,418	339,327

*Extracted from Savings and Home Financing Source Book, 1957; Federal Home Loan Board, p. 39.

*Michigan Savings and Loan Associations—Statement of
Condition as of 12/31/56*

EXHIBIT 6-B*

Table No. 10—MEMBER SAVINGS AND LOAN ASSOCIATIONS

Assets and Liabilities—By States and Class of Association
December 31, 1956—Continued

(Amounts in thousands of dollars)

Items	Total Members	Michigan		
		Insured—FSLIC		Uninsured
		Federal	State- Chartered	State- Chartered
Number of associations....	67	35	26	6
ASSETS				
First mortgage loans.....	839,830	572,098	224,077	43,655
Other loans	11,502	8,630	2,397	475
Real estate sold on contract.	18,502	7,381	8,595	2,526
Real estate owned.....	739	284	400	55
FHLB stock	17,632	12,141	4,583	908
U. S. Government obligations	71,289	52,488	16,399	2,402
Other investments	6,336	5,321	960	55
Cash on hand and in banks	72,109	48,530	20,236	3,343
Office building (net).....	11,847	7,820	3,423	604
Furniture and fixtures (net)	2,147	1,458	629	60
Other assets	510	290	204	16
Total Assets	1,052,443	716,441	281,903	54,099
LIABILITIES & CAPITAL				
Savings capital	925,052	636,942	241,757	46,353
Mortgage pledged shares...	—	—	—	—
Advances from FHLB.....	24,830	11,463	12,772	595
Other borrowed money.....	1,084	350	734	—
Loans in process.....	14,653	8,248	5,626	779
Other liabilities	9,842	7,329	1,882	631
Permanent stock	—	—	—	—
Deferred credits	2,565	1,808	594	163
Specific reserves	338	111	189	38
General reserves	61,076	41,838	15,357	3,881
Undivided profits	13,003	8,352	2,992	1,659
Total Liab. & Capital..	1,052,443	716,441	281,903	54,099

*Extracted from Federal Home Loan Bank System Members' Combined Financial Statements, 1956, Federal Home Loan Bank Board, p. 28.

EXHIBIT 7*

INVESTMENTS OF INDIVIDUALS IN UNITED STATES IN
SAVINGS ACCOUNTS

TABLE 7.

(\$000,000 Omitted)

Period YEAR-END	Savings Accounts	
	Savings Assna.	Commercial Banks
1920	\$ 1,741	\$10,546
1925	3,811	16,314
1930	6,296	18,647
1931	5,916	15,955
1932	5,326	12,101
1933	4,750	10,979
1934	4,458	11,992
1935	4,254	12,899
1936	4,194	13,709
1937	4,080	14,410
1938	4,077	14,427
1939	4,118	14,865
1940	4,322	15,403
1941	4,682	15,523
1942	4,941	16,056
1943	5,494	19,001
1944	6,305	23,871
1945	7,365	29,929
1946	8,548	33,447
1947	9,753	34,694
1948	10,964	34,970
1949	12,471	35,145

Exhibit 7

964a

Investment of Individuals in United States In
Savings Accounts

(\$'000,000 Omitted)

Period	Savings Assns.	Commercial Banks
MID-YEAR OR YEAR-END		
1950—June	13,422	35,624
Dec.	13,922	35,200
1951—June	14,910	35,520
Dec.	16,107	36,592
1952—June	17,656	37,955
Dec.	19,195	39,331
1953—June	21,140	40,800
Dec.	22,846	42,001
1954—June	25,170	43,633
Dec.	27,334	44,746
1955—June	29,920	45,713
Dec.	32,192	46,331
1956p—June	34,948	47,522
Dec.	37,302	48,600

p—Preliminary.

*Extracted from Savings and Home Financing Source Book,
1957, Federal Home Loan Bank Board, p. 15.

965a

Exhibit 10

United States Mortgage Debt by Type of Lender

EXHIBIT 10*

MORTGAGE DEBT

1-4 Family Nonfarm Homes by Type of Lender

TABLE 13.

(\$000,000 Omitted).

December 31	Total	Savings Assns.	Commercial Banks
1925	\$12,984	\$ 3,994	\$ 1,376
1930	18,891	6,082	2,199
1933	15,352	4,215	1,707
1934	15,630	3,525	1,450
1935	15,437	3,127	1,541
1936	15,385	3,122	1,634
1937	15,518	3,291	1,786
1938	15,775	3,433	1,910
1939	16,342	3,616	2,096
1940	17,391	3,919	2,363
1941	18,351	4,349	2,672
1942	18,212	4,349	2,752
1943	17,811	4,355	2,706
1944	17,924	4,617	2,703
1945	18,591	5,156	2,875
1946	23,034	6,840	4,576
1947	28,199	8,475	6,303
1948	33,279	9,841	7,396
1949	37,619	11,117	7,956
1950	45,170	13,116	9,481
1951	51,711	14,844	10,275
1952	58,500	17,645	11,250
1953	66,094	20,999	12,025
1954	75,677	25,004	13,300
1955	88,250	30,001	15,075
1956(p)	99,163	34,164	16,255

Exhibit 10 (continued) 966a
United States Mortgage Debt by Type of Lender

PERCENTAGE DISTRIBUTION

(\$000,000 Omitted)

December 31	Total	Savings Assns.	Commercial Banks
1930	100.0	32.2	11.6
1935	100.0	20.3	10.0
1940	100.0	22.5	13.6
1945	100.0	27.7	15.5
1949	100.0	29.6	21.2
1950	100.0	29.0	21.0
1951	100.0	28.7	19.9
1952	100.0	30.2	19.2
1953	100.0	31.8	18.2
1954	100.0	33.0	17.6
1955	100.0	34.0	17.1
1956(p)	100.0	34.4	16.4

(p)—Preliminary.

*Extracted from Savings and Home Financing Source Book,
 1957, Federal Home Loan Bank Board, p. 23.

United States Mortgage Recordings by Type of Lender

EXHIBITS 11* and 12*

NONFARM MORTGAGE RECORDINGS OF \$20,000 OR LESS

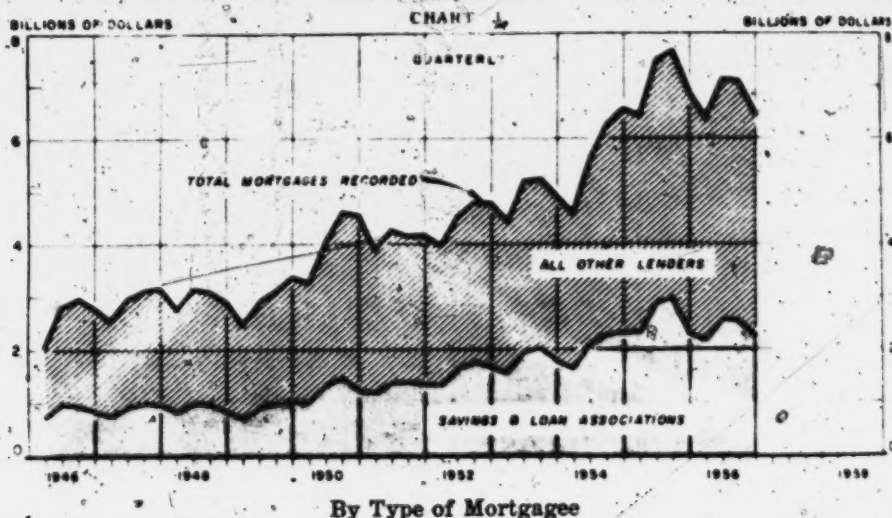


TABLE 24.

Period	Total	Savings Assns.	Commercial Banks
ANNUAL DATA			
1940	\$ 4,031,368	\$ 1,283,628	\$1,005,893
1945	5,649,819	2,017,066	1,097,039
1950	16,179,196	5,059,612	3,364,889
1952	18,017,677	6,452,357	3,599,856
1953	19,747,408	7,365,276	3,679,676
1954	22,973,853	8,311,993	4,239,266
1955	28,484,179	10,451,684	5,616,558
1956	27,087,987	9,532,411	5,458,487

*Extracted from Savings and Home Financing Source Book, 1957, Federal Home Loan Bank Board, p.36.

United States Mortgage Recordings by Type of Lender

PERCENTAGE DISTRIBUTION

Period	Total	Savings Assns.	Commercial Banks
ANNUAL DATA			
1940	100.0	31.8	25.0
1945	100.0	35.7	19.4
1950	100.0	31.3	20.8
1952	100.0	35.8	20.0
1953	100.0	37.3	18.6
1954	100.0	36.2	18.5
1955	100.0	36.7	19.7
1956	100.0	35.2	20.2

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Exhibit 13(1)

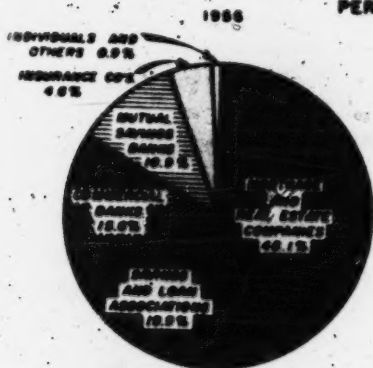
United States V. A. Mortgages by Type of Lender

EXHIBIT 13(1)*

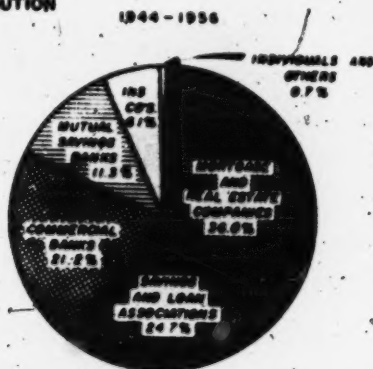
VA HOME LOANS CLOSED

CHART 1.

PERCENT DISTRIBUTION



\$ 3,868,000,000



\$ 38,821,000,000

Number and Amount by Type of Lender

TABLE 23.

Period	Total	Savings Assns.	Commercial Banks
NUMBER			
Cumulative Data			
1944-1956	4,598,900	1,184,200	1,114,300
Annual Data			
1951	447,300	89,400	104,100
1952	306,800	81,400	66,800
1953	322,100	92,500	54,800
1954	410,800	92,000	51,900
1955	649,600	154,800	93,500
1956	507,700	107,300	81,200

*United States V. A. Mortgage Loans by Type of Lender***PRINCIPAL
AMOUNT**

(In thousands)

Period	Total	Savings Assns.	Commercial Banks
Cumulative Data			
1944-1956	\$38,821,000	\$9,597,000	\$8,218,000
Annual Data			
1951	3,614,000	704,000	764,000
1952	2,721,000	694,000	570,000
1953	3,061,000	853,000	497,000
1954	4,257,000	883,000	510,000
1955	7,157,000	1,591,000	993,000
1956	5,868,000	1,166,000	915,000

*Extracted from Savings and Home Financing Source Book,
1957, Federal Home Loan Bank Board, p. 35.

EXHIBIT 13(2)*

Table—FHA HOME MORTGAGES ORIGINATED AND HELD IN THE UNITED STATES, BY TYPE OF INSTITUTION, 1952

(Dollar amounts in thousands)

Type of institution	Number of institutions		Mortgages originated ¹ in 1952			Mortgages held in 1952		
	Originat- ing	Holding	Number	Amount	Percent- age dis- tribution Total	Number	Amount	Percent- age dis- tribution
All Sections								
National bank			49,938	\$418,178	21.9	320,279	\$2,108,695	17.9
Savings & loan association			21,148	169,842	8.9	139,171	922,347	7.8
Total			231,422	1,914,067	100.0	1,740,980	11,783,955	100.0
Section 8								
National bank	40	63	687	3,351	11.0	1,036	4,920	8.9
Savings & loan association	65	82	880	4,457	14.6	1,377	6,614	11.9
Total	275	399	5,922	30,587	100.0	11,367	55,501	100.0
Section 203								
National bank	1,069	2,722	47,681	401,550	22.6	268,281	1,776,264	19.0
Savings & loan association	713	1,610	19,895	162,321	9.1	114,844	770,496	8.2
Total	3,993	9,422	212,975	1,774,925	100.0	1,373,395	9,366,933	100.0
Section 603								
National bank	1	887	5	40	13.7	50,318	321,962	14.0
Savings & loan association	—	652	—	—	—	22,775	143,923	6.3
Total	6	3,337	45	291	100.0	347,959	2,290,294	100.0
Section 903								
National bank	18	14	1,565	13,238	12.2	644	5,549	7.8
Savings & loan association	11	6	373	3,063	2.8	175	1,314	1.8
Total	147	108	12,480	108,264	100.0	8,259	71,228	100.0

¹Less than 0.05 percent.

* Extracted from Federal Housing Agency Reports to Congress.

Exhibit 13(2)

971a

EXHIBIT 14*

Table 1—TREND OF SELECTED FINANCIAL ITEMS FOR ALL
OPERATING SAVINGS AND LOAN ASSOCIATIONS
IN UNITED STATES

1922-1956

(Amounts in millions of dollars)

First Mortgage Loans

Year ending Dec. 31	Number of assns.	Total assets	Gross loans	Mortgage pledged shares	Net loans
1922	10,009	\$ 3,343	\$ 3,009	\$ 541	\$ 2,468
1923	10,744	3,943	3,549	632	2,917
1924	11,844	4,766	4,289	770	3,519
1925	12,403	5,509	5,085	881	4,204
1926	12,626	6,334	5,842	1,032	4,810
1927	12,804	7,179	6,586	1,098	5,488
1928	12,666	8,016	7,267	1,207	6,060
1929	12,342	8,695	7,791	1,284	6,507
1930	11,777	8,829	7,760	1,358	6,402
1931	11,442	8,417	7,214	1,324	5,890
1932	10,915	7,737	6,407	1,259	5,148
1933	10,596	7,018	5,559	1,122	4,437
1934	10,744	6,406	4,593	883	3,710
1935	10,266	5,875	3,947	655	3,292
1936	10,042	5,772	3,810	524	3,286
1937	9,225	5,682	3,886	422	3,464
1938	8,762	5,632	3,967	353	3,614
1939	8,006	5,597	4,126	320	3,806
1940	7,521	5,733	4,415	290	4,125
1941	7,211	6,049	4,823	245	4,578
1942	6,941	6,150	4,810	227	4,583
1943	6,498	6,604	4,793	209	4,584
1944	6,279	7,458	4,983	183	4,800
1945	6,149	8,747	5,521	145	5,376
1946	6,093	10,202	7,276	135	7,141
1947	6,045	11,687	8,971	115	8,856
1948	6,011	13,028	10,409	104	10,305
1949	5,983	14,622	11,714	98	11,616
1950	5,992	16,846	13,714	92	13,622
1951	5,995	19,164	15,610	90	15,520
1952	6,004	22,585	18,416	80	18,336
1953	6,012	26,638	21,957	75	21,882
1954	6,038	31,612	26,172	70	26,102
1955	6,071	37,596	31,408	58	31,350
1956	6,136	42,781	35,719	46	35,673

*Extracted from Report of Federal Home Loan Bank Board,
October, 1957, p. 1.

EXHIBIT 15*

MORTGAGE LOANS MADE
All Savings Associations in United States
By Purpose and Class of Association

TABLE 17.

(\$000,000 Omitted)

Savings and Loan Period	All Savings and Loan Associations				VA Loans (Included in Total)
	Con- struction	Home Purchase	Other	Total Loans	
Annual Data					
1940	\$ 399	\$ 426	\$ 375	\$ 1,200	—
1941	437	581	361	1,379	—
1942	191	574	286	1,051	—
1943	107	802	275	1,184	—
1944	95	1,064	295	1,454	—
1945	180	1,358	375	1,913	—
1946	615	2,357	612	3,584	—
1947	894	2,128	789	3,811	—
1948	1,046	1,710	851	3,607	—
1949	1,083	1,559	994	3,636	\$ 407
1950	1,767	2,246	1,224	5,237	874
1951	1,657	2,357	1,236	5,250	604
1952	2,105	2,955	1,557	6,617	678
1953	2,475	3,488	1,804	7,767	832
1954	3,076	3,846	2,047	8,969	1,030
1955	4,041	5,241	2,150	11,432	1,668
1956	3,772	4,727	2,046	10,545	1,161

*Extracted from Savings and Home Financing Source Book,
 1957, Federal Home Loan Bank Board, p. 28.

Exhibit 18

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*F.H.A., V.A., and Conventional Mortgage Loans Made
and Held by all Savings and Loan Associations in
United States*

EXHIBIT 18*

MORTGAGE ACTIVITY OF SAVINGS AND LOAN
ASSOCIATIONS

(In millions of dollars)

Loans made

Loans outstanding (end of period)

Year or month	Total	Total	FHA- insured	VA-guar- anteed	Con- ventional
1941	1,379	4,578	.....	.....	.....
1945	1,913	5,376	.....	.....	.....
1950	5,237	13,657	848	2,973	9,836
1951	5,250	15,564	866	3,133	11,565
1952	6,617	18,396	904	3,394	14,098
1953	7,767	21,962	1,048	3,979	16,935
1954	8,969	26,194	1,172	4,721	20,301
1955	11,432	31,461	1,405	5,891	24,165
1956	10,545	35,729	1,486	6,643	27,600
1957	10,402	40,119	1,643	7,013	31,463

1957

Feb.	709	36,195	1,493	6,682	28,020
Mar.	842	36,559	1,499	6,724	28,336
Apr.	899	36,963	1,508	6,774	28,681
May	968	37,421	1,520	6,833	29,068
June	925	37,886	1,530	6,889	29,467
July	969	38,280	1,545	6,904	29,831
Aug.	1,001	38,743	1,560	6,920	30,263
Sept.	891	39,106	1,573	6,933	30,600
Oct.	980	39,532	1,591	6,946	30,995
Nov.	768	39,835	1,597	6,963	31,275
Dec.	734	40,119	1,643	7,013	31,463

1958

Jan.	823	40,369	1,651	7,048	31,670
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*Extracted from Federal Reserve Bulletin, April, 1958, p. 470.

*F.H.A., V.A., and Conventional Mortgages Held by All
Commercial Banks in United States*

EXHIBIT 19*

MORTGAGE LOANS HELD BY BANKS¹

(In millions of dollars)

Commercial bank holdings²

End of year or quarter	Total	Residential		
		FHA- insured	VA-guar- anteed	Con- ventional
1941	3,292	.....	.....	.....
1945	3,395	.....	.....	.....
1950	10,431	.....	.....	.....
1951	11,270	3,421	2,921	4,929
1952	12,188	3,675	3,012	5,501
1953	12,925	3,912	3,061	5,951
1954	14,152	4,106	3,350	6,695
1955	15,888	4,560	3,711	7,617
1956	17,004	4,803	3,902	8,300
1957 ^p	17,155	4,840	3,590	8,725
1956—June	16,500	4,668	3,837	7,995
Sept.	16,860	4,760	3,890	8,210
Dec.	17,004	4,803	3,902	8,300
1957—Mar.	16,880	4,770	3,810	8,300
June	16,890	4,730	3,720	8,440
Sept. ^p	17,070	4,760	3,660	8,650
Dec. ^p	17,155	4,840	3,590	8,725

^p Preliminary.¹ Represents all banks in the United States and possessions.² Includes loans held by nondeposit trust companies but excludes holdings of trust departments of commercial banks.

*Extracted from Federal Reserve Bulletin, April, 1958, p. 469.

*Certification of Non-Payment of Privilege Fee by
Michigan Savings and Loan Associations*

EXHIBIT 23

UNITED STATES OF AMERICA
THE STATE OF MICHIGAN

MICHIGAN CORPORATION AND SECURITIES
COMMISSION

Lansing, Michigan

To All to Whom These Presents Shall Come:

I, Lawrence Gubow, Commissioner of the Michigan Corporation and Securities Commission, do hereby certify that pursuant to your request of February 13, 1958, I have made diligent examination of the records of this office and can find no record of the building and loan associations or savings and loan associations listed in Schedule "A", attached hereto and made a part of this certificate, having filed an annual report for the year 1952 or having paid an annual privilege fee to this Commission for that year.

In testimony whereof, I have hereto set my hand and affixed the Seal of the Commission, in the City of Lansing, this 28th day of February, 1958.

Lawrence Gubow,
Commissioner.

(Seal)

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Exhibit 23; Schedule "A"

*Certification of Non-Payment of Privilege Fee by
Michigan Savings and Loan Associations*

SCHEDULE "A"

Calhoun Federal Savings and Loan Association, Battle
Creek, Michigan

Capitol Savings and Loan Association, Lansing, Michi-
gan

Citizens Federal Savings and Loan Association, Port
Huron, Michigan

Detroit and Northern Savings and Loan Association,
Flint, Michigan

Detroit and Northern Savings and Loan Association,
Hancock, Michigan

Down River Federal Savings and Loan Association,
Wyandotte, Michigan

East Lansing Savings and Loan Association, East Lan-
sing, Michigan

First Federal Savings and Loan Association, Flint,
Michigan

First Federal Savings and Loan Association, Jackson,
Michigan

First Savings and Loan Association, Saginaw, Michigan

First Federal Savings and Loan Association, Kalama-
zoo, Michigan

Fidelity Federal Savings and Loan Association, Kala-
mazoo, Michigan

Grand Rapids Mutual Federal Savings and Loan Asso-
ciation, Grand Rapids, Michigan

*Certification of Non-Payment of Privilege^a Fee by
Michigan Savings and Loan Associations*

Guaranty Savings and Loan Association, Wyandotte,
Michigan

Homestead Savings and Loan Association, Albion, Mich-
igan

Industrial Savings and Loan Association, Battle Creek,
Michigan

Iron River Savings and Loan Association, Iron River,
Michigan

Kalamazoo Building and Savings Association, Kalama-
zoo, Michigan

Lansing Savings and Loan Association, Lansing, Michi-
gan

Marshall Savings and Loan Association, Marshall, Mich-
igan

Midland Federal Savings and Loan Association, Mid-
land, Michigan

Mutual Home Federal Savings and Loan Association,
Grand Rapids, Michigan

Saginaw Savings and Loan Association, Saginaw, Michi-
gan

Security Savings and Loan Association, Jackson, Michi-
gan

Three Rivers Savings and Loan Association, Three
Rivers, Michigan

Union Building and Loan Association, Ltd., Lansing,
Michigan

West Side Savings and Loan Association, Grand Rapids,
Michigan

MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION
MONTHLY REPORT

CAPITOL SAVINGS & LOAN COMPANY

Location, Name and Address

For Month Ended Dec. 31, 1952

ASSETS		BALANCE SHEET	LIABILITIES
First mortgage loans: (No. of Accts.)			Withdrawable or free shares (include div. funds):
a. Direct reduction loans (2000)	11,971,801.67		a. Institutional savings shares 2,989.00
b. G.I. loans (war's plan) (54)	1,188,748.46		b. Optional savings shares 1,011,000.00
c. F.H.A. loans (94)	3,973,101.34		c. Advanced payment shares 1,000,000.00
d. _____	_____		d. Fully paid shares 9,214,144.00
e. Floating fund loans _____	_____		Total withdrawable or free shares (include dividends) 12,214,144.00
f. Accrued interest receivable (if separate) _____	9,188.71		Unredeemed shares (including div. funds) called for redemption 200.00
g. Advances for taxes, insurance, etc. (if separate) _____	_____		Advances from F. H. I. B. _____
Total first mortgage loans (4048)	17,142,840.18		Unearned assets: _____
Share loans (14)	10,000.00		Interest earned on advances and borrowed money _____
Real estate sold on contract (5)	20,000.00		Dividends declared and unpaid _____
Purchased land contracts (24)	1,000,000.00		Taxes due on real estate owned and other liability _____
a. Accrued interest receivable _____	1,740.75		Accounts payable _____
b. Advances for taxes, insurance, etc. _____	_____		Federal income taxes estimated 17,700.00
Real estate owned: _____	_____		Loans in process (due borrowers) 110,700.00
F. H. I. B. owned—Am's assets _____	6,970.00		Advances payable by borrowers and vendors for taxes, insurance, etc. 135,391.79
Real estate held for redemption (1)	_____		Unapplied mortgage credits 200.00
Investment securities: _____	_____		Other liabilities 695.15
a. Stock in F. H. I. B. _____	400,000.00		Deferred credits to future operations: _____
b. U. S. Savings Bonds _____	800,000.00		a. Unearned profit on land contracts 51,970.44
c. U. S. Government obligations _____	750,000.00		b. Income collected in advance _____
d. Other investment securities _____	5,950.00		c. Unearned discount, non-emp. loans _____
Accrued interest on investments (if on account basis) _____	1,577,850.00		Specific reserves: _____
Cash on hand and in banks _____	579,488.09		a. Uncollected interest—loans and contracts 10,981.00
Office building (this depreciating) _____	_____		b. Capitalized interest—R/BO & R/BI 207.00
Furniture, fixtures and equipment (this depreciating) _____	77,889.00		c. Reserve for discount—books purch. 953.75
Deferred charges: _____	_____		General reserves: _____
a. Insurance and bond premiums 951.00	_____		a. Legal reserve 2,900,000.00
b. Commission fees, contributions etc. 00	_____		b. Federal insurance reserve _____
c. Examination & privilege fees 5,071.00	_____		c. Bond redemption reserve—State G _____
d. Office Bldg Incl. taxes 5,777.00	_____		d. Guaranty reserve—P.L.C. _____
Other assets: _____	_____		e. _____
a. Accounts receivable 2,719.74	_____		f. _____
b. Impounded funds 1.00	_____		Undivided profits reserve 1,075,007.70
c. _____	_____		Current income (total) _____
Non-Mtg. Loans—FHA-VA _____	_____		TOTAL LIABILITIES 22,574,000.00
Current operating expenses (total) _____	22,574,000.00		
TOTAL ASSETS _____	_____		

MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION
MONTHLY REPORT

Ex 36-D
5/20/58

Union Building & Loan Ass'n, Inc., Lansing, Michigan

For Month Ending December 31, 1958

ASSETS		BALANCE SHEET	LIABILITIES
Total savings loans (P.L. 1/1/58)			
a. Direct collection loans	1,000	1,000.00	
b. G.I. loans (not placed)	115	115.00	
c. F.H.A. loans			
d. Other			
Total savings loans		1,115.00	
Total interest receivable (at expiration)			
a. Advances for term, insurance, etc.			
b. Other			
Total interest receivable			
Real estate owned			
Share loans			
Real estate sold on contract			
Prepaid real estate			
a. Accrued interest receivable			
b. Advances for term, insurance, etc.			
Real estate owned			
R/E owned—don't count			
Real estate held for redemption			
Investment securities		110,000.00	
a. Stock in F. H. L. B.		10,000.00	
b. U. S. Savings Bonds		100,000.00	
c. U. S. Government obligations			
d. Other investment securities			
Accrued interest on investments (if at current rate)		196,289.61	
Cash on hand and in bank		75,719.61	
Office building (due depreciation)			
Furniture, fixtures and equipment (due depreciation)		1,926.21	
Prepaid charges:			
a. Prepaid insurance		202.15	
b. Other			
c. Other			
Other assets:			
a. Accrued rentable			
b. Other			
c. Other			
d. Other			
Non-pled. Loans—F.H.A.—VA.			
Current operating expense (total)		5,976,262.20	
TOTAL ASSETS			
Withdrawals - see above (include due checks):			
a. Investment savings checks		1,322,675.98	
b. Optional savings checks			
c. Advances payment checks		1,100,000.00	
d. Fully paid checks		2,005,175.00	
Total withdrawals - see above (include checks)		4,367,850.98	
Mortgage pledged shares (including due checks)			
Advances from F. H. L. B.		600,000.00	
Current money			
Interest received on advances and interest money			
Dividends declared and unpaid			
Taxes accrued on real estate owned and office building		816.62	
Accrued payable			
Loans to profit (due interest)		65,289.37	
Advances payable by investors and vendors for term, insurance, etc.		37,671.31	
Unapplied mortgage credits			
Other liabilities			
Deferred credits to future operations:			
a. Unapplied profit on land contracts		2,005,666	
b. Income collected in advance			
c. Unapplied dividend, non-pled. loans			
Specific reserves:			
a. Unallocated interest—both paid and contract		6,172.23	
b. Capitalized interest—R/RO & R/RR			
c. Other			
General reserves:			
a. Legal reserve		100,000.00	
b. Federal tax reserve			
c. Bond redemption reserve—Series G			
d. Guaranty reserve—P.L.C.		100,000.00	
e. Contingent Reserve			
f. Other		202,208.24	
Unallocated profit reserve			
Current income (total)		5,976,262.20	
TOTAL LIABILITIES			

MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION
MONTHLY REPORT

DETROIT & NORTH-WEST
SAVINGS & LOAN ASSOCIATION

Name of Association

For Month Ending

DECEMBER 31, 1958

ASSETS		BALANCE SHEET		LIABILITIES	
Real mortgage loans: (No. of Accts)				Withdrawals - or less than (check 0-4)	
a. Direct collection loans	4263	16,472,341.26		Check:	
b. U. I. loans (not's plan)	709	3,313,559.50		a. Installment savings shares	17,399,648.75
c. F. W. A. loans				b. Optional savings shares	
d.				c. Advanced payment shares	351.88
e. Floating fund loans				d. Fully paid shares	3,496,720.00
f. Advanced interest certificates (if separate)				Total withdrawals - or less than (check 0-4)	21,397,311.63
g. Advances for loans, insurance, etc. (if separate)				Mortgage pledged shares (check 0-4)	
Total Real mortgage loans	4972	19,785,880.76		Check:	
Share loans	37	58,936.45		Advances from F. W. A. B.	800,000.00
Real estate sold on contract	17	12,778.31		Borrowed money	
Partial paid advances	233	3,143,061.88		Interest earned on advances and borrowed money	
a. Advanced interest certificates				Dividends declared and unpaid	
b. Advances for loans, insurance, etc.				Taxes earned on real estate owned and office building	
Real estate owned				Accounts payable	
R. E. owned - less R. E. cost					
Real estate held for redemption	4	27,718.40		Loans to persons (also interest)	351,867.82
Investment securities:				Advances payable by borrowers and vendors for loans, insurance, etc.	
a. Stock in F. W. A. B.		450,000.00		Unapplied mortgage credits	
b. U. S. Savings Bonds		547,385.00		Other liabilities	65,888.85
c. U. S. Government obligations		1,882,160.85		Deferred credits to future operations:	
d. Other investment securities				a. Unearned profit on bond contracts	5,518.14
Advanced interest on investments (if on separate sheet)		0		b. Income collected in advance	
Cash on hand and in banks		1,009,841.30		c. Unearned dividend, non-adv. loans	
Office building (less depreciation)		130,228.09		Specific reserves:	
Furniture, fixtures and equipment (less depreciation)		27,752.41		a. Unallocated interest - loans and contracts	7,630.32
Deferred charges:				b. Capitalized interest - R. E. & R. E. B.	778.80
a. Amort. Bd. Prem.		1,748.26		General reserves:	
b.				a. Legal reserve	1,684,000.00
c.				b. Federal Insurance reserve	41,828.71
d.				c. Bond redemption reserve - Series G	8,120.00
Other assets:				d. Guaranty reserve - P. L. C.	50,000.00
a. Assets outside					
b. Sav. Bd. Bonds		6,985.21		Unallocated profit	241,517.80
c. Capital Mortgages		498.75		Current income (total)	
Reserve Loans - F. W. A. B.				TOTAL LIABILITIES	24,476,981.83
Current operating expenses (total)					
TOTAL ASSETS		24,476,981.83			

MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION
MONTHLY REPORT

CASH, SAVINGS AND LOAN ASSOCIATION

For Month Ended **DECEMBER 31, 1959**

ASSETS		BALANCE SHEET		LIABILITIES	
Real estate loans: (See 2-10)				Withdrawals or less than funds div. checks:	
a. Home reduction loans	222	222,000.00		a. Home loan savings share	1,111.11
b. G.I. loans (G.I.'s plan)				b. Optional savings share	1,111.11
c. F.H.A. loans				c. Advance payment share	1,111.11
d.				d. Fully paid share	1,111.11
e. Other				Total withdrawals or less than funds div. checks	4,444.44
f. Other				Mortgage pledged share (including div. checks)	22,000.00
g. Other				Advance from F. H. L. B.	22,000.00
Total real estate loans	222	222,000.00		Reversed entry	
Share loans				Interest earned on advances and reversed entry	
Real estate sold on contract				Dividends declared and unpaid	
Forwarded real estate				Trusts earned on real estate owned and other building	
a. Advance interest real-estate				Amortization	
b. Advance for loan, insurance, etc.				Financialing Tax	244.00
Real estate owned				F.I.C.A. Tax	1,000.00
R/O owned—Aur's own				Loans to private (for borrowers)	1,000.00
Real estate held for redemption				Advance payments by borrowers and vendors for loan, insurance, etc.	
Investment securities:		10,000.00		Unapplied mortgage credits	
a. Stock in F. H. L. B.				Other liabilities	
b. U. S. Savings Bonds				Deferred credits to future operations:	
c. U. S. Government obligations		10,000.00		a. Unearned profit on loan contracts	
d. Other investment securities				b. Income collected in advance	
Amount interest on investments (if as earned basis)		40,000.00		c. Unearned discount, etc.—mfg. loan	
Cash on hand and in banks		4,444.44		Specific reserves:	272.00
Office building (less depreciation)		4,444.44		a. Unallocated interest—loan and contracts	
Furniture, fixtures and equipment (less depreciation)		222.00		b. Capitalized interest—R/O & R/EN	
Debtors charges:				c. Other	
a. Frederick Insurance		224.00		General reserve:	11,000.00
b.				a. Legal reserve	
c.				b. Federal insurance reserve	
d.				c. Bond redemption reserve—Series G	
Other assets:				d. Guaranty reserve—P.L.C.	
a. Advance real-estate				e. Contingency	10,000.00
b.				f.	
c.				Unallocated profit reserve	1,000.00
d.				Current income (total)	1,000.00
Non-Mtg. Loans—FHA-VA				TOTAL LIABILITIES	718,000.00
Current operating expense (total)		718,000.00			
TOTAL ASSETS		718,000.00			

MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION
MONTHLY REPORT

E + 36-H
5/28/58

MEMBERS SAVING & LOAN ASSOCIATION, ALBION, MICHIGAN For Month Ended **SEPTEMBER 30, 1958**
Association Name and Address

ASSETS		BALANCE SHEET	LIABILITIES
First mortgage loans: (No. of loans)			Withdrawable or free shares (Include div- dends):
a. Direct collection loans (236)	\$ 689,706.87		a. Installment savings shares 165,163.48
b. G.I. loans (war's plan) (5)	26,717.87		b. Optional savings shares .00
c. F.H.A. loans (3)	.00		c. Advanced payment shares .00
d. ()	.00		d. Fully paid shares 24,886.88
e. Building fund loans ()	.00		Total withdrawable or free shares (Include dividends) 769,361.64
f. Accrued interest creditable (if reported) ()	.00		
g. Advances for taxes, insurance, etc. (if reported) ()	.00		Mortgages pledged shares (including div- dends) .00
Total first mortgage loans (244)	720,387.94		Advances from F. H. L. B. 180,000.00
Share loans ()	.00		Borrowed money .00
Real estate sold on contract ()	.00		Interest accrued on advances and borrowed money .00
Purchased land contracts (2)	1,833.93		Dividends declared and unpaid .00
a. Accrued interest creditable ()	.00		Taxes accrued on real estate owned and office building .00
b. Advances for taxes, insurance, etc. ()	.00		Accounts payable .00
Real estate owned ()	.00		Loans to groups (plus interest) 1,028.13
R. E. owned—less'n's cost ()	.00		Advance payments by borrowers and vendors for taxes, insurance, etc. .00
Real estate held for redemption ()	.00		Unapplied mortgage credits .00
Investment securities:			Other liabilities 169.17
a. Stock in F. H. L. B. 15,000.00			Deferred credits to future operations:
b. U. S. Savings Bonds 143,286.00			a. Unearned profit on land contracts 337.96
c. U. S. Government obligations .00			b. Income collected in advance .00
d. Other investment securities .00			c. Unearned discount, non-orig. loans .00
Accrued interest on investments (if on accrued basis) .00			Specific reserves:
Cash on hand and in banks 316,867.07			a. Unallocated interest—loans and contracts 446.85
Office building (less depreciation) 6,888.00			b. Capitalized interest—R/WO & R/EN .00
Furniture, fixtures and equipment (less de- preciation) 1,098.12			c. .00
Deferred charges:			General reserves:
a. .00			a. Legal reserve 11,641.75
b. .00			b. Federal insurance reserve 13,117.50
c. .00			c. Bond redemption reserve—Series G 1,972.00
d. .00			d. Currency reserve—P.L.C. .00
Other assets:			e. .00
a. Accounts receivable .00			f. .00
b. .00			Undivided profits reserve 22,913.25
c. .00			Current losses (total) .00
d. .00			TOTAL LIABILITIES 989,274.89
Non-orig. Loans—FHA-VA () .00			
Current operating expenses (total) .00			
TOTAL ASSETS 989,274.89			

DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION
FIRST SAVINGS & LOAN ASSOCIATION
JEFFERSON AT FEDERAL
BAGNAY . . . MICHIGAN
MONTHLY REPORT

For Month Ended

DEC 31 1933

Available Name and Address

ASSETS		BALANCE SHEET		LIABILITIES	
(In \$)					
First mortgage loans:				Withdrawals or less than (State of Mich.)	
a. Direct reduction loans	10,100.00			a. Investment savings shares	10,100.00
b. G.I. loans (Gov't plan)	1,000.00			b. Optional savings shares	10,100.00
c. F.H.A. loans	100.00			c. Advanced payment shares	1,000.00
d. _____	_____			d. Fully paid shares	_____
e. _____	_____			Total withdrawals or less than (State of Mich.)	11,100.00
f. _____	_____			Mortgage pledged shares (including G.I. shares)	700.00
g. _____	_____			Advances from F. H. L. B.	_____
h. _____	_____			Received money	_____
i. _____	_____			Interest earned on advances and borrowed money	25.00
j. _____	_____			Dividends declared and unpaid	_____
k. _____	_____			Taxes earned on real estate owned and other holding	_____
l. _____	_____			Advances payable	1,000.00
m. _____	_____			Reserves for Redemption	1,000.00
n. _____	_____			Income tax	_____
o. _____	_____			Loans to guests (State of Mich.)	10,100.00
p. _____	_____			Advances payable by borrowers and vendors for sales, etc.	10,100.00
q. _____	_____			Unpledged savings shares	_____
r. _____	_____			Other liabilities	_____
s. _____	_____			Delayed credits to future operations:	_____
t. _____	_____			a. Unearned profit on land contracts	100.00
u. _____	_____			b. Income collected in advance	100.00
v. _____	_____			c. Unearned dividend, non-adv. loans	_____
w. _____	_____			Special reserves:	_____
x. _____	_____			a. Unallocated income—State and national	10,000.00
y. _____	_____			b. Capitalized income—F.H.A. & F.H.L.	1,000.00
z. _____	_____			c. Treasury Fund Redemption	1,000.00
aa. _____	_____			General reserves:	_____
ab. _____	_____			a. Legal reserve	1,000.00
ac. _____	_____			b. Federal Insurance reserve	1,000.00
ad. _____	_____			c. Bond redemption reserve—State Q	_____
ae. _____	_____			d. Guaranty reserve—P.L.C.	_____
af. _____	_____			e. _____	_____
ag. _____	_____			f. _____	_____
ah. _____	_____			Unallocated public reserve	700.00
ai. _____	_____			Current income fund	_____
aj. _____	_____			TOTAL LIABILITIES	11,100.00
ak. _____	_____				
al. _____	_____				
am. _____	_____				
an. _____	_____				
ao. _____	_____				
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MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION
MONTHLY REPORT

36 J
5/10/58
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BANKING SAVINGS AND LOAN ASSOCIATION

For Month Ending December 31, 1958

ASSETS		BALANCE SHEET	LIABILITIES	
First mortgage loans: (No. of loans)			Withdrawable or free shares (Include div. checks and cash)	
a. Direct reduction loans	1,386	5,275,728.11	b. Withdrawable savings shares	844.00
b. G.I. loans (war's plan)	197	513,186.48	c. Optional savings shares	5,895,206.97
c. F.H.A. loans			d. Advanced payment shares	
d.			e. Fully paid shares	931,851.50
e. Floating fund loans			Total withdrawable or free shares (Include dividends)	6,823,996.48
f. Advanced interest receivable (if applicable)			Mortgage pledged shares (including div. checks)	
g. Advances for taxes, insurance, etc. (if applicable)			Advances from F. H. L. B.	
Total first mortgage loans	1,680	5,788,914.59	Unearned money	
Share loans			Interest earned on advances and borrowed money	
Real estate sold on contract	2	24,200.00	Dividends declared and unpaid	
Refunded loan contracts	42	117,280.00	Taxes earned on real estate owned and office building	
Advanced interest receivable			Accounts payable	752.00
b. Advances for taxes, insurance, etc.				
Real estate owned			Loans in profits (due borrowers)	897,882.31
R/E owned—Am's acct.			Advances payable by borrowers and vendors for taxes, insurance, etc.	
Real estate held for redemption			Unsettled mortgage credits	
Investment securities:			Other liabilities	
a. Stock in F. H. L. B.		130,000.00	Deferred credits to future operations:	
b. U. S. Savings Bonds			a. Unearned profit on loan contracts	13,486.66
c. U. S. Government obligations		775,371.50	b. Income collected in advance	
d. Other investment securities			c. Unearned dividend, non-div. loans	1,433.48
Advanced interest on investments (if all earned)			Specific reserves:	
Real estate		139,250.00	a. Unallocated interest—loans and contracts	2,317.00
Cash on hand and in banks		197,571.45	b. Capitalized interest—R/ED & R/EN	
Office building (less depreciation)			c.	
Furniture, fixtures and equipment (less depreciation)		17,104.66	General reserves:	
Deferred charges:			a. Legal reserve	239,775.30
a. Prepaid 1959-60 Premiums		32.00	b. Federal insurance reserve	22,582.50
b. Prepaid 1958-59 Premiums		640.48	c. Bond redemption reserve—Series G	4,000.00
c.			d. Currency reserve—P.L.C.	4,156.00
d.			e.	
Other assets:			f.	
a. Accounts receivable			Unallocated profit reserve	377,282.30
b. U. S. Bonds - Redeemed			Current income (total)	
c. U. S. Bonds - Unredeemed		1,415.60	TOTAL LIABILITIES	7,612,613.36
d.				
Non-Reg. Loans—FHA-VA	37	25,277.79		
Current operating expenses (total)				
TOTAL ASSETS		7,612,613.36		

1952 Annual Report of Homestead Savings and Loan
Association to the Secretary of State

EXHIBIT 37-A

STATE OF MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION

ANNUAL REPORT

of

Homestead Savings and Loan Association
403 South Superior St., Albion, Michigan

to the

SECRETARY OF STATE

at the close of business June 30, 1952

Incorporated August 14, 1889

Authorized Capital \$2,000,000.00

CERTIFICATION

I, Emil F. Holtz, President and I, Wayne L. Dellage,
Secretary of the Homestead Savings and Loan Associa-
tion, do hereby solemnly swear that, to the best of our
knowledge and belief, the books and records of said asso-
ciation correctly reflect the true financial condition there-
of; the statements, schedules and data contained herein
are true and correct; the signatures appearing on all
notes, mortgages and other instruments in connection
therewith are genuine; and there are no undisclosed as-
sets or liabilities.

Emil F. Holtz, President
Wayne L. Dellage, Secretary

(Seal of Association)

Subscribed and sworn to before me this 22nd day of
August, 1952.

Wm. M. Weeks

Notary Public

My commission expires 10-1-52.

(Notarial Seal)

990a

Exhibit 37-C

1952 Annual Report of Industrial Savings and Loan
Association to the Secretary of State

SCHEDULE 14

MEMBERS' AND INVESTORS' ACCOUNTS

	Number Holders	Total of Such Accounts
(a) Members' and/or investors' ac- counts with aggregate balance of \$10,000 or less.....	503	\$647,312.55
(b) Members' and/or investors' ac- counts with aggregate balance of over \$10,000	4	46,867.83
Totals	507	\$694,280.38

EXHIBIT 37-C

STATE OF MICHIGAN

DEPARTMENT OF STATE

BUILDING AND LOAN DIVISION

ANNUAL REPORT

of

Industrial Savings & Loan Association
8 West Michigan Ave., Battle Creek, Michigan

to the

SECRETARY OF STATE

at the close of business June 30, 1952

Incorporated January 12, 1925

Authorized Capital \$8,000,000.00

CERTIFICATION

I, William HOFFLEY, President, and I, Julia A. Martin,
Secretary of the Industrial Savings and Loan Associa-
tion of Battle Creek, do hereby solemnly swear that, to
the best of our knowledge and belief, the books and rec-

*1952 Annual Report of Industrial Savings and Loan
Association to the Secretary of State*

ords of said association correctly reflect the true financial condition thereof; the statements, schedules and data contained herein are true and correct; the signatures appearing on all notes, mortgages and other instruments in connection therewith are genuine; and there are no undisclosed assets or liabilities.

William HOFFLEY, President
Julia A. Martin, Secretary

(Seal of Association)

Subscribed and sworn to before me this 20th day of
August, 1952:

Charles P. Walters
Notary Public in and for Calhoun County,
Michigan
My commission expires May 24, 1955.

(Notarial Seal)

SCHEDULE 14
MEMBERS' AND INVESTORS' ACCOUNTS

	Number Holders	Total of Such Accounts
(a) Members' and/or investors' accounts with aggregate balance of \$10,000 or less.....	583	\$5,040,494.06
(b) Members' and/or investors' accounts with aggregate balance of over \$10,000.....	42	561,963.59
Totals	625	\$5,602,457.65

992a

Exhibit 37-D-1

*1952 Annual Report of East Lansing Savings and Loan
Association to the Secretary of State*

EXHIBIT 37-D-1

STATE OF MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION

ANNUAL REPORT

of

East Lansing Savings and Loan Association
303 Abbott Road, East Lansing, Michigan
to the

SECRETARY OF STATE

at the close of business June 30, 1952

Incorporated August 4, 1919

Authorized Capital \$10,000,000.00

CERTIFICATION

I, S. G. Whittemore, Executive Vice President and I, Kenneth B. Dillinger, Secretary of the East Lansing Savings and Loan Association do hereby solemnly swear that, to the best of our knowledge and belief, the books and records of said association correctly reflect the true financial condition thereof; the statements, schedules and data contained herein are true and correct; the signatures appearing on all notes, mortgages and other instruments in connection therewith are genuine; and there are no undisclosed assets or liabilities.

S. G. Whittemore, Exec. V. President
Kenneth B. Dillinger, Secretary

(Seal of Association)

Subscribed and sworn to before me this 18th day of
July, 1952.

Margaret R. Greenwood
Notary Public

(Notarial Seal)

1952 Annual Report of Detroit and Northern Savings and
Loan Association to the Secretary of State

SCHEDULE 14.

MEMBERS' AND INVESTORS' ACCOUNTS

	Number Holders	Total of Such Accounts
(a) Members' and/or investors' accounts with aggregate bal- ances of \$10,000 or less.....	1554	\$2,626,712.43
(b) Members' and/or investors' accounts with aggregate bal- ances of over \$10,000.....	34	528,076.12
Totals	1588	\$3,154,788.55

EXHIBIT 37-E-1

STATE OF MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION

ANNUAL REPORT

of

Detroit and Northern Savings & Loan Association
200 Quincy Street, Hancock, Michigan
to the

SECRETARY OF STATE

at the close of business June 30, 1952

Incorporated Dec. 31, 1888

Authorized Capital \$50,000,000.00

CERTIFICATION

I, W. Corbin Douglass, President and I, D. W. Seaton,
Secretary of the Detroit & Northern Savings & Loan
Association, do hereby solemnly swear that, to the best

*1952 Annual Report of Detroit and Northern Savings and
Loan Association to the Secretary of State*

of our knowledge and belief, the books and records of said association correctly reflect the true financial condition thereof; the statements, schedules and data contained herein are true and correct; the signatures appearing on all notes, mortgages and other instruments in connection therewith are genuine; and there are no undisclosed assets or liabilities.

W. Corbin Douglass, President
D. W. Seaton, Secretary

(Seal of Association)

Subscribed and sworn to before me this 5th day of August, 1952.

Blanche B. MacLean,
Notary Public, Houghton Co., Mich.
My commission expires May 31, 1954.

(Notarial Seal)

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SCHEDULE 14

MEMBERS' AND INVESTORS' ACCOUNTS

	Number Holders	Total of Such Accounts
(a) Members' and/or investors' accounts with aggregate balances of \$10,000 or less.....	13,801	\$16,193,051.49
(b) Members' and/or investors' accounts with aggregate balances of over \$10,000,	168	2,458,025.43
Totals	<u>13,969</u>	<u>\$18,651,076.92</u>

Exhibit 37-F-1

995a

*1952 Annual Report of Iron Savings and Loan Association
to the Secretary of State*

EXHIBIT 37-F-1

**STATE OF MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION**

ANNUAL REPORT

of

**Iron Savings and Loan Association
425 3rd Avenue, Iron River, Michigan**

to the

SECRETARY OF STATE

at the close of business June 30, 1952

Incorporated October 7, 1905

Authorized Capital \$1,000,000

CERTIFICATION

I, Ben L. Quirt, President and I, P. A. Newberg, Secretary of the Iron Savings and Loan Association, do hereby solemnly swear that, to the best of our knowledge and belief, the books and records of said association correctly reflect the true financial condition thereof; the statements, schedules and data contained herein are true and correct; the signatures appearing on all notes, mortgages and other instruments in connection therewith are genuine; and there are no undisclosed assets or liabilities.

Ben L. Quirt, President

P. A. Newberg, Secretary

(Seal of Association)

**Subscribed and sworn to before me this 18th day of
July, 1952.**

Guy M. Cox,

Notary Public, Iron County, Michigan.

My commission expires December 26, 1962.

996a

*Exhibit 37-H**1952 Annual Report of Marshall Savings and Loan
Association to the Secretary of State*

SCHEDULE 14

MEMBERS' AND INVESTORS' ACCOUNTS

	Number Holders	Total of Such Accounts
(a) Members' and/or investors' ac- counts with aggregate balances of \$10,000 or less.....	284	\$301,903.14
(b) Members' and/or investors' ac- counts with aggregate balances of over \$10,000	0	0
Totals	284	\$301,903.14

EXHIBIT 37-H

STATE OF MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION

ANNUAL REPORT

of

Marshall Savings and Loan Association
227 E. Michigan Ave., Marshall, Michigan
to the

SECRETARY OF STATE

at the close of business June 30, 1952

Incorporated February 3rd, 1920

Authorized capital \$1,500,000.00

CERTIFICATION

I, Manlius M. Porrett, Jr., President and I, Clayton C.
Andersen, Secretary of the Marshall Savings and Loan
Association, do hereby solemnly swear that, to the best

*1952 Annual Report of Marshall Savings and Loan
Association to the Secretary of State*

of our knowledge and belief, the books and records of said association correctly reflect the true financial condition thereof; the statements, schedules and data contained herein are true and correct; the signatures appearing on all notes, mortgages and other instruments in connection therewith are genuine; and there are no undisclosed assets or liabilities.

Manlius M. Porrett, Jr., President
Clayton C. Andersen, Secretary

(Seal of Association)

Subscribed and sworn to before me this 20th day of August, 1952.

Marie E. Ott
Notary Public

(Notarial Seal)

• • • • •

SCHEDULE 14

MEMBERS' AND INVESTORS' ACCOUNTS

	Number Holders	Total of Such Accounts
(a) Members' and/or investors' accounts with aggregate balances of \$10,000 or less.....	272	\$463,412.22
(b) Members' and/or investors' accounts with aggregate balances of over \$10,000	10	109,271.52
Totals	282	\$572,689.74

998a

Exhibit 37-I-1

*1952 Annual Report of Capitol Savings and Loan
Association to the Secretary of State*

EXHIBIT 37-I-1

**STATE OF MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION**

ANNUAL REPORT

of

**Capitol Savings & Loan Company
112-114 East Allegan, Lansing, Michigan
to the**

SECRETARY OF STATE

at the close of business June 30, 1952

Incorporated March 4, 1890

Authorized Capital \$25,000,000.00

CERTIFICATION

I, J. I. Van Keuren, President and I, Neal Spangenberg, Treasurer, of the Capitol Savings & Loan Company, do hereby solemnly swear that, to the best of our knowledge and belief, the books and records of said association correctly reflect the true financial condition thereof; the statements, schedules and data contained herein are true and correct; the signatures appearing on all notes, mortgages and other instruments in connection therewith are genuine; and there are no undisclosed assets or liabilities.

**J. I. Van Keuren, President
Neal Spangenberg, Treasurer**

(Seal of Association)

**Subscribed and sworn to before me this 31st day of
July, 1952.**

Robert E. Clark

**Notary Public, Ingham County, Mich.
My commission expires June 25, 1956.**

(Notarial Seal)

1952 Annual Report of Lansing Savings and Loan
Association to the Secretary of State

SCHEDULE 14

MEMBERS' AND INVESTORS' ACCOUNTS

	Number Holders	Total of Such Accounts
(a) Members' and/or investors' accounts with aggregate bal- ances of \$10,000 or less.....	9048	\$13,525,560.90
(b) Members' and/or investors' accounts with aggregate bal- ances of over \$10,000.....		
Detroit Office	1	10,351.77
Lansing Office	230	3,713,469.97
Totals	9279	\$17,249,382.64

EXHIBIT 37-J-1

STATE OF MICHIGAN

DEPARTMENT OF STATE

BUILDING AND LOAN DIVISION

ANNUAL REPORT

of

Lansing Savings and Loan Association
117 W. Allegan St., Lansing, Michigan
to the

SECRETARY OF STATE

at the close of business June 30, 1952

Incorporated Nov. 30, 1910

Authorized Capital \$4,000,000.00

CERTIFICATION

I, E. J. Carroll, President and I, Oscar C. Bleed, Sec-
retary of the Lansing Savings and Loan Association, do

1000a

Exhibit 37-J-1

*1952 Annual Report of Lansing Savings and Loan
Association to the Secretary of State*

hereby solemnly swear that, to the best of our knowledge and belief, the books and records of said association correctly reflect the true financial condition thereof; the statements, schedules and data contained herein are true and correct; the signatures appearing on all notes, mortgages and other instruments in connection therewith are genuine; and there are no undisclosed assets or liabilities.

E. J. Carroll, President
Oscar C. Bleed, Secretary

(Seal of Association)

Subscribed and sworn to before me this 24th day of July, 1952.

M. Elizabeth Bauer
Notary Public
My Comm. expires 1-3-54

(Notarial Seal)

SCHEDULE 14

MEMBERS' AND INVESTORS' ACCOUNTS

	Number Holders	Total of Such Accounts
(a) Members' and/or investors' accounts with aggregate balances of \$10,000 or less.....	666	\$1161,904.09
(b) Members' and/or investors' accounts with aggregate balances of over \$10,000.....	17	252,880.00
Totals	683	\$1414,784.09

Exhibit 37-K-1

1001a

*1952 Annual Report of Union Building and Loan
Association to the Secretary of State*

EXHIBIT 37-K-1

**STATE OF MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION
ANNUAL REPORT**

of

**Union Building and Loan Association, Limited
121 West Allegan St., Lansing 23, Michigan**

to the

SECRETARY OF STATE

at the close of business June 30, 1952

Incorporated June 2, 1886

Authorized Capital \$8,000,000.00

CERTIFICATION

I, H. M. Andrews, Vice President and I, N. S. Andersen, Secretary of the Union Building and Loan Association, Limited, do hereby solemnly swear that, to the best of our knowledge and belief, the books and records of said association correctly reflect the true financial condition thereof; the statements, schedules and data contained herein are true and correct; the signatures appearing on all notes, mortgages and other instruments in connection therewith are genuine; and there are no undisclosed assets or liabilities.

**H. M. Andrews, Vice President
N. S. Andersen, Secretary**

(Seal of Association)

1002a

Exhibit 37K-1

*1952 Annual Report of Union Building and Loan
Association to the Secretary of State*

Subscribed and sworn to before me this 22nd day of
August, 1952.

Annabelle B. Hickox,
Notary Public

My commission expires Nov. 5, 1955.

(Notarial Seal)

SCHEDULE 14

MEMBERS' AND INVESTORS' ACCOUNTS

	Number Holders	Total of Such Accounts
(a) Members' and/or investors' accounts with aggregate bal- ances of \$10,000 or less.....	—	\$ —
(b) Members' and/or investors' accounts with aggregate bal- ances of over \$10,000.....	—	—
Totals	<u>5043</u>	<u>\$3,912,724.75</u>

1952 Annual Report of First Savings and Loan Association of Saginaw to the Secretary of State

EXHIBIT 37-M-1

STATE OF MICHIGAN
DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION
ANNUAL REPORT

of

First Savings & Loan Association of Saginaw, Michigan
124 S. Jefferson Avenue, Saginaw, Michigan
to the

SECRETARY OF STATE

at the close of business June 30, 1952

Incorporated April 7, 1887

Authorized Capital \$17,000,000.00

CERTIFICATION

I, James H. Jerome, Executive Vice-President and I, Karl W. Ahrens, Secretary of the First Savings & Loan Association of Saginaw, Michigan, do solemnly swear that, to the best of our knowledge and belief, the books and records of said association correctly reflect the true financial condition thereof; the statements, schedules and data contained herein are true and correct; the signatures appearing on all notes, mortgages and other instruments in connection therewith are genuine; and there are no undisclosed assets or liabilities.

James H. Jerome, Executive Vice-President
Karl W. Ahrens, Secretary

(Seal of Association)

1004a

Exhibit 37-M-1

1952 Annual Report of First Savings and Loan Association of Saginaw to the Secretary of State

Subscribed and sworn to before me this 26th day of July, 1952.

Milton A. Bender

Notary Public

My commission expires 2/22/55

(Notarial Seal)

SCHEDULE 14

MEMBERS' AND INVESTORS' ACCOUNTS

	Number Holders	Total of Such Accounts
(a) Members' and/or investors' accounts with aggregate balances of \$10,000 or less.....	.....	\$ .....
(b) Members' and/or investors' accounts with aggregate balances of over \$10,000.....	.....	\$ .....
Totals	<u>5869</u>	<u>\$13,063,829.20</u>

*1952 Annual Report of Saginaw Savings and Loan
Association to the Secretary of State*

EXHIBIT 37-N-1

**DEPARTMENT OF STATE
BUILDING AND LOAN DIVISION
ANNUAL REPORT**

of

**Saginaw Savings and Loan Association
219 South Michigan Avenue, Saginaw, Michigan**

to the

SECRETARY OF STATE

at the close of business June 30, 1952

Incorporated January 26, 1888

Authorized Capital \$10,000,000.00

CERTIFICATION

I, A. A. Alderton, President and I, Eugene Pheiffer, Secretary of the Saginaw Savings and Loan Association, do hereby solemnly swear that, to the best of our knowledge and belief, the books and records of said association correctly reflect the true financial condition thereof; the statements, schedules and data contained herein are true and correct; the signatures appearing on all notes, mortgages and other instruments in connection therewith are genuine; and there are no undisclosed assets or liabilities.

**A. A. Alderton, President
Eugene Pheiffer, Secretary**

(Seal of Association)

1006a

Exhibit 37-N-1

1952 Annual Report of Saginaw Savings and Loan
Association to the Secretary of State

Subscribed and sworn to before me this 6th day of
August, 1952.

Emelie E. Carlson

Notary Public, Saginaw County, Michigan
My commission expires January 27, 1953

(Notarial Seal)

SCHEDULE 14

MEMBERS' AND INVESTORS' ACCOUNTS

	Number Holders	Total of Such Accounts
(a) Members' and/or investors' accounts with aggregate bal- ances of \$10,000 or less.....	2686	\$4,263,330.11
(b) Members' and/or investors' accounts with aggregate bal- ances of over \$10,000.....	86	1,137,697.49
Totals	2772	<u>\$5,401,027.60</u>

STATEMENT OF CONDITION

CITIZENS FEDERAL SAVINGS AND LOAN ASSOCIATION

EX 45A
5-20-58
OK

OF PORT HURON

PORT HURON, MICHIGAN

After the Close of Business on December 31, 1947

ASSETS		LIABILITIES	
First Mortgage Loans	\$2,132,156.37	Members' Share Accounts	\$2,389,254.18
Loans on Pass Books and Certificates	7,977.93	Advances from Federal Home Loan Bank	400,000.00
Properties Sold on Con- tract	69,809.05	Loans in Process	43,983.65
Investments and Securities	510,000.00	Other Liabilities	20,045.27
Cash on Hand and in Banks	202,951.97	Specific Reserves	2,523.11
Office Building and Equip- ment less depreciation..	20,199.96	General Reserves	73,258.48
Deferred Charges and Other Assets	7,794.62	Undivided Profits	21,825.22
	<u>\$2,950,889.92</u>		<u>\$2,950,889.92</u>

STATE OF MICHIGAN — ss.
COUNTY OF ST. CLAIR

Bert D. Wright, Secretary of the Citizens Federal Savings and Loan Association of Port Huron, being duly sworn, deposes and says that the foregoing statement is true to the best of his knowledge and belief.

BERT D. WRIGHT,
Secretary

Subscribed and sworn to before me this 9th day of January A.D., 1948.

JAMES E. WHALING
Notary Public, St. Clair County, Michigan
My commission expires June 17, 1951

Jan. 12, 1948

STATEMENT OF CONDITION

CITIZENS FEDERAL SAVINGS AND LOAN ASSOCIATION

PX 45-F
5-20-52
OF PORT HURON

PORT HURON, MICHIGAN

After the Close of Business on December 31, 1952

ASSETS

Cash on Hand and in Banks	\$ 534,946.44
U.S. Government Bonds	515,000.00
Stock in Federal Home Loan Bank	130,000.00
First Mortgage Loans	6,360,036.34
Loans on Savings Accounts	7,332.21
FHA Improvement Loans	103,979.82
Properties Sold on Contract	10,531.19
Real Estate Owned	6,834.83
Office Building and Equipment	139,179.90
Deferred Charges and Other Assets	5,495.80
	<u>\$7,802,536.53</u>

CAPITAL and LIABILITIES

Savings Accounts	\$6,776,388.81
Advances from Federal Home Loan Bank	\$21,775.00
Loans in Process	\$3,741.71
Other Liabilities	\$7,181.62
Specific Reserves	17,334.17
General Reserves	207,815.66
Surplus	30,612.56
	<u>\$7,802,536.53</u>

STATE OF MICHIGAN
County of St. Clair

s.s.

Ray D. Wright, Executive Vice-President of Citizens Federal Savings and Loan Association of Port Huron, being duly sworn, deposes and says that the foregoing statement is true to the best of his knowledge and belief.

RAY D. WRIGHT

Executive Vice-President

Subscribed and sworn to before me this 2nd day of January, A.D. 1953.

WILLIAM J. SCHWITZ

Notary Public, St. Clair County, Michigan
My commission expires Feb. 28, 1955.

OFFICERS AND DIRECTORS

James F. Sharp—President
Harry M. Towner—Vice President
John D. Marsh—Vice President
Ray D. Wright—Executive Vice President and Treasurer

Don Walsh
Thomas S. Seppala

Ann C. Barry—Secretary
Lester L. Gault—Asst. Secretary
James E. Whiting, Asst. Treasurer
Robert H. Miller—Asst. Treasurer
Ray S. Richards
James P. Scarce

Frank G. Seigler

Exhibit 49 1009a
1952 Annual Report of Citizens Federal Savings and
Loan Association to the Home Loan Bank Board
Home Loan Bank Board
and
Cooperating State Department

1x49
6-1-58
SK

ANNUAL REPORT

OF

Citizens Federal Savings and Loan Association
Of Port Huron
(Name of Institution)

511 Water Street Port Huron, Michigan
(Street Address) (City) (State)

AT THE CLOSE OF BUSINESS

December 31, 1952

CERTIFICATION

James P. Sharp President
I, Ann G. Barry Secretary of the Citizens Federal Savings
and Loan Association of Port Huron, do hereby solemnly swear that,
to the best of my knowledge and belief: The books and records of said asso-
ciation correctly reflect the true financial condition thereof, the state-
ments, schedules and data contained herein are true and correct, the signa-
tures appearing on all notes, mortgages and other instruments in connection
therewith are genuine; and there are no undisclosed assets or liabilities.

James P. Sharp President
Ann G. Barry Secretary

Subscribed and sworn to before
me this 7th day of January
1953.

(SEAL OF ASSOCIATION)

John E. Burgeniel
Notary Public
John E. Burgeniel
(NOTARIAL SEAL)

NOTE: State-chartered associations that are required to use a different form of Certifica-
tion may substitute the required form for the foregoing one.

1952 Annual Report of Citizens Federal Savings and Loan Association to the Home Loan Bank Board

FIRST MORTGAGE LOANS

Schedule 1

If institution holds both the first and second mortgage on the same property, both should be included as a first mortgage.

A. First Mortgage Direct Reduction Loans

	NO. LOANS	UNPAID PRINCIPAL**
1. 1-4 family*	1781	\$ 1,152,407.92
2. Other improved real estate	17	127,130.12
3. Unimproved real estate		
Total	1798	\$ 1,279,538.04 (1)

B. First Mortgage Share Account Savings Fund Loans

	NO. LOANS	UNPAID PRINCIPAL**
1. 1-4 family*		\$
2. Other improved real estate		\$
3. Unimproved real estate		\$
Total		\$ (1)

C. First Mortgage Straight Loans

	NO. LOANS	UNPAID PRINCIPAL**
1. 1-4 family*		\$
2. Other improved real estate		\$
Unimproved real estate		\$
Total		\$ (1)

D. Loans In Progress

Total amount disbursed on loans on 1-4 family properties \$ 81,744.71

E. Loans Serviced for Others

Unpaid balances of mortgages which the association has contracted to service for others \$ 772,504.92

* Includes joint name and business not to exceed 4 family.

** Unpaid principal* means the face value of the mortgage, minus any credits thereto, including the principal value of installment mortgage loan shares.

(1) Total "Unpaid Principal" must agree with corresponding item (1), (2), or (3) of Exhibit A, less (a) interest or advance included therein, and loan mortgage loan shares (item 21, Exhibit A) pledged to share account showing Fund Loans (item 3-b, Exhibit A).

ANALYSIS OF FIRST MORTGAGE LOANS MADE DURING THE PAST YEAR

Schedule 2

If institution holds both a first and second mortgage on the same property, both should be included as a first mortgage loan.

	CONSTRUCTION	PURCHASE OF OTHERS	REFINANCING*	OTHER PURPOSES	TOTALS
Number	171	100	10	271	552
Amount	\$ 1,152,407.92	\$ 1,071,185.02	\$ 146,527.11	\$ 578,016.52	\$ 2,948,136.57

* Refinancing loan is a loan to a borrower for the purpose of repaying his mortgage indebtedness to another lender.

MEMBERS' AND INVESTORS' ACCOUNTS

Schedule

	NUMBER HOLDERS	TOTAL OF SUCH ACCOUNTS
(a) Members' and/or investors' accounts with aggregate balances of \$10,000 or less	8195	\$ 6,651,914.94
(b) Members' and/or investors' accounts with aggregate balances of over \$10,000 (total of these accounts).	56	56.00 .. 117,290.87
Total (Amount should equal total of items 20, 21, and 22 of Exhibit A)	8251	\$ 6,776,205.81

First Federal Savings & Loan Assn.

CORNER OF W. HEARLEY AT BEACH STREET

Statement of Condition

DECEMBER 31st, 1947

ASSETS

First Mortgage	\$1,445,179.47
Loans on Pass Books	11,255.47
Properties Held on Contract	253,662.71
Investments and Securities	230.00
Cash on Hand and in Banks	57.00
Other Building and E. Interest	2.00
(Less Depreciation)	100.00
Other Assets	100.00
Total Assets	\$1,743,953.29

LIABILITIES

Members' Share Accounts	\$1,577,400.00
Advances from Federal Home Loan Bank	145,000.00
Loans in Process	17,005.11
Other Liabilities	4,100.00
Shareholders' Reserves	7,917.00
Unpaid Reserves	1,400.00
Less First Profits	22,000.00
Total Liabilities	\$1,743,953.29

Our progress as of December 31, of each year is shown in the following tabulation:

	Assets
1940	\$ 642,753.35
1941	991,657.66
1942	1,097,482.80
1943	1,252,569.77
1944	1,554,918.00
1945	2,245,991.00
1946	2,974,678.13
1947	2,243,953.29

OFFICERS AND DIRECTORS

C. M. SPOWNSON	President
PERCY A. JOFF	Vice-President
ROLAND E. PARKER	Executive Vice-President
GEO. C. KELLAN	Secretary
WM. A. WEATHERCUT	Treas. and Attorney
GORDON H. MASON	Auditor
ALBERT ARPAID	
WM. S. BALLENGER, JR.	
FRANK L. McAVINCHY	
DR. HARRY MOGFORD	
H. T. V. PERRY	

FIRST FEDERAL

1952 Annual Report of First Federal Savings and Loan Association of Flint to Home Loan Bank Board
and
Cooperating State Department

ANNUAL REPORT

First Federal Savings and Loan Association
(Name of Institution)

1000 Michigan Ave Flint Mich
(Street Address) (City) (State)

~~Exhibit 56~~

AT THE CLOSE OF BUSINESS

December 31, 1952

CERTIFICATION

I, KE Parker President of the First Fed Sav Loan Assn of Flint, do hereby solemnly swear that, to the best of my knowledge and belief, the books and records of said association correctly reflect the true financial condition thereof; the statements, schedules and data contained herein are true and correct; the signatures appearing on all notes, mortgages and other instruments in connection therewith are genuine; and there are no undisclosed assets or liabilities.

(KE Parker) President

Subscribed and sworn to before me this 27th day of January 1953.

I certify that this is a true and correct copy of the original
FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF FLINT
[Signature]
Secretary

1952 Annual Report of First Federal Savings and Loan Association of Flint to Home Loan Bank Board

Schedule 1

(If institution made both a first and second mortgage on the same property, both should be included as a first mortgage loan.)

A. First Mortgage Direct Reduction Loans

	NO. LOANS	UNPAID PRINCIPAL**
1. 1-4 family*	137	1,783,727.67
2. Other improved real estate		1,124.00
3. Unimproved real estate		
Total	137	1,784,851.67 (1)

B. First Mortgage Share Account Savings Fund Loans

	NO. LOANS	UNPAID PRINCIPAL**
1. 1-4 family*		
2. Other improved real estate		
3. Unimproved real estate		
Total		

C. First Mortgage Straight Loans

	NO. LOANS	UNPAID PRINCIPAL**
1. 1-4 family*	13	14,225.00
2. Other improved real estate		
3. Unimproved real estate		
Total	13	14,225.00 (1)

D. Loans in Progress

Total amount undisbursed on loans on 1-4 family properties

192,172.34

E. Loans Serviced for Others

Unpaid balance of mortgages which the institution has contracted to service for others

212,299.75

77,124.90

289,424.65

* Include joint home and business not to exceed a family.

** "Unpaid principal" means the face value of the mortgage, minus any credits thereto, including the present value of installment mortgage loan shares.

(1) Each total "Unpaid Principal" must agree with corresponding item 1a, 1b, or 1c of Exhibit A, less any interest or advances included therein, and less mortgage loan shares (item 2), Exhibit A) pledged on share account sinking fund loans (item 1-d, Exhibit A).

ANALYSIS OF FIRST MORTGAGE LOANS MADE DURING THE PAST YEAR

Schedule 2

(If institution made both a first and second mortgage on the same property, both should be included as a first mortgage loan.)

	CONSTRUCTION	PURCHASE OF HOMES	REFINANCING*	OTHER PURPOSES	TOTALS
Number	109	141	19	45	314
Amount	776,071.14	1,167,604.00	7,250.00	1,125,000.00	2,056,925.14

ANNUAL REPORT
 OF THE
 FIRST FEDERAL SAVINGS AND LOAN
 ASSOCIATION OF FLINT
 TO THE
 HOME LOAN BANK BOARD
 FOR THE YEAR
 1952
 G. W. Mann, Secretary

Schedule

MEMBERS' AND INVESTORS' ACCOUNTS

	NUMBER HOLDERS	TOTAL OF SUCH ACCOUNTS
(a) Members' and/or investors' accounts with aggregate balances of \$10,000 or less	607 2919	5,011,227.2
(b) Members' and/or investors' accounts with aggregate balances of over \$10,000 (total of these accounts).	128 110	1,504,596.4
Total (Amount should equal total of items 20, 21, and 22 of Exhibit A)	3047 3079 71 2947	6,515,823.7

Statement of Condition of
CALHOUN FEDERAL SAVINGS
 and Loan Association

AT CLOSE OF BUSINESS, DECEMBER 31, 1947

ASSETS

First Mortgage Loans	\$5,776,292.49
Share Loans	801.94
Properties Sold on Contract	43,243.21
Real Estate Subject to Redemption	3,087.75
Investments & Securities	1,075,096.00
Cash on Hand & in Banks	320,558.18
Office Bldg. & Equipment Less Depreciation	24,506.33
Deferred Charges & Other Assets	992.51
	<hr/>
	7,243,218.41

LIABILITIES

Members' Savings Share Accounts	\$6,215,190.22
Advances from Federal Home Loan Bank	475,000.00
Loans in Process	48,810.00
Other Liabilities	5,154.72
Specific Reserves	4,549.92
General Reserves & Undivided Profits	494,513.55
	<hr/>
	7,243,218.41

Savings Accounts are insured up to \$5,000.00 each by an agency of the United States Government — The Federal Savings & Loan Insurance Corporation, Washington, D. C.

" WE PAY YOU TO SAVE "

Exhibit 91A

1016a

*Calhoun Savings and Loan Association—Statement of
Condition as of 12/31/52*

**STATEMENT OF CONDITION
AS OF DECEMBER 31, 1952**

Cash on hand and in Banks	\$ 1,055,119.93
Investments and Securities	1,809,562.00
First Mortgage Loans	9,807,234.54
Properties Sold on Contract	11,119.36
Office Bldg. & Equipment Less Depreciation	264,720.16
Deferred Charges & Other Assets	1,894.63
	<hr/>
	\$12,349,650.62

Savings and Loan Association in Calhoun County

LIABILITIES

Savings Accounts	\$10,512,930.98
Advances from Federal Home Loan Bank	500,000.00
Loans in Process	140,745.11
Other Liabilities	4,962.76
Specific Reserves	4,627.19
General Reserves	935,150.98
Surplus	251,233.60
	<hr/>
	\$12,349,650.62

1952 Annual Report of Calhoun Federal Savings and

Loan Association to the Home Loan Bank Board

Cooperating Bank Department

Ref. Ex 62
6-12-58

ANNUAL REPORT

OF

Calhoun Federal Savings and Loan Ass'n
(Name of Institution)

(Street Address) (City) (State)

AT THE CLOSE OF BUSINESS

December 31, 1952

CERTIFICATION

I, President
Secretary of the Calhoun Federal Savings and Loan Ass'n, do hereby solemnly swear that, to the best of my knowledge and belief: The books and records of said association correctly reflect the true financial condition thereof; the statements, schedules and data contained herein are true and correct; the signatures appearing on all notes, mortgages and other instruments in connection therewith are genuine; and there are no undisclosed assets or liabilities.

President
Secretary

Subscribed and sworn to before
on this day of
1952.

(SEAL OF ASSOCIATION)

Notary Public

(NOTARIAL SEAL)

NOTE: State-chartered associations that are required to use a different form of Certification may substitute the required form for the foregoing one.

1952 Annual Report of Calhoun Federal Savings and Loan Association to the Home Loan Bank Board

FIRST MORTGAGE LOANS

Schedule I

(If institution holds both the first and second mortgage on the same property, both shall be included as a first mortgage.)

A. First Mortgages Direct Reduction Loans

	NO. LOANS	UNPAID PRINCIPAL**
1. 1-4 family*	3724	\$ 2,007,782
2. Other improved real estate	12	171,822
3. Unimproved real estate		
Total	3042	\$ 2,179,604 (1)

B. First Mortgages Share Amortized Savings Fund Loans

	NO. LOANS	UNPAID PRINCIPAL**
1. 1-4 family*		\$ - - -
2. Other improved real estate		- - -
3. Unimproved real estate		- - -
Total		\$ - - - (1)

C. First Mortgages Straight Loans

	NO. LOANS	UNPAID PRINCIPAL**
1. 1-4 family*		\$ - - -
2. Other improved real estate		- - -
3. Unimproved real estate		- - -
Total		\$ - - - (1)

D. Loans in Progress

Total amount undischarged on loans on 1-4 family properties \$ 148,745

E. Loans Serviced for Others

Unpaid balance of mortgages which the institution has contracted to service for others \$ - -

* Include joint home and business not to exceed 4 family.

** "Unpaid principal" means the face value of the mortgage, minus any credits thereto, including the present value of installment mortgage loan charges.

(1) Each total "Unpaid Principal" must agree with corresponding item 1a, 1b, or 1c of Exhibit A, less any interest or advances included therein, and less mortgage loan charges (Item 21, Exhibit A) pledged on share account sinking fund loans (Item 1-5, Exhibit A).

ANALYSIS OF FIRST MORTGAGE LOANS MADE DURING THE PAST YEAR

Schedule 2

(If institution holds both a first and second mortgage on the same property, both should be included as a first mortgage loan.)

	CONSTRUCTION	PURCHASE OF MORTGAGES	REFINANCING*	OTHER PURCHASES	TOTALS
Number	48	159	- 1 -	521	729
Amount	\$ 261,102.20	\$ 742,475.00	\$ - - -	\$ 1,227,161.00	\$ 2,230,738.20

* Refinancing held to a loan to a borrower for the purpose of repaying his mortgage indebtedness to another lender.

MEMBERS' AND INVESTORS' ACCOUNTS

Schedule

	<u>NUMBER HOLDERS</u>	<u>TOTAL OF SUCH ACCOUNTS</u>
(a) Members' and/or investors' accounts with aggregate balances of \$10,000 or less	<u>7973</u>	<u>\$ 9,011,512.11</u>
(b) Members' and/or investors' accounts with aggregate balances of over \$10,000 (total of these accounts).	<u>112</u>	<u>1,571,418.37</u>
Total (Amount should equal total of items 20, 21, and 22 of Exhibit A)	<u>8085</u>	<u>\$ 10,582,930.48</u>

EXHIBITS 65A-F

**Recapitulation of Real Estate Mortgages Recorded in
Calhoun, Genesee, Ingham, Kent, Saginaw and St. Clair
Counties during 1952**

(Exhibit 65A, page 1)

Mortgagee	No. of Mortgages	Amount
Michigan National Bank	2,934	\$ 23,089,907.33
All other banks and trust companies	8,865	50,585,469.43
Building and/or savings and loan associations	6,498	35,575,546.27
Insurance companies	1,287	14,338,355.54
Credit unions	172	705,267.24
Other corporations	1,666	13,823,573.95
Individuals	2,704	12,448,926.34
Total—All Counties	24,126	\$150,567,046.10

Real Estate Mortgage Recordings by County in 1952

Calhoun

(Exhibit 65A, page 2)

Michigan National Bank	599	\$3,563,215.49
All other banks and Trust companies	338	2,070,799.20
Building and/or savings and loan associations	1,355	5,655,375.13
Insurance companies	101	1,120,500.00
Credit unions	1	15,192.00
Other corporations	258	2,114,011.50
Individuals	364	2,107,198.37
Total—Calhoun	3,016	\$16,646,291.69

1022a

*Exhibits 65A-F**Real Estate Mortgage Recordings by County in 1952*

County	Mortgagee	No. of Mortgages	Amount
Genesee			
(Exhibit 65B, page 66)			
Michigan National Bank		505	\$ 3,591,185.63
All other banks and trust companies		3,932	21,590,057.63
Building and/or savings and loan associations		678	4,154,887.27
Insurance companies		203	1,485,155.00
Credit unions		15	60,548.84
Other corporations		475	3,310,767.20
Individuals			1,694,885.84
Total—Genesee		<u>6,225</u>	<u>\$35,887,487.41</u>
Ingham			
(Exhibit 65C, page 209)			
Michigan National Bank		351	\$ 4,320,815.00
All other banks and trust companies		1,051	5,675,811.21
Building and/or savings and loan associations		859	5,256,121.12
Insurance companies		311	4,144,296.62
Credit unions		72	281,808.05
Other corporations		342	3,366,271.66
Individuals		508	2,471,404.40
Total—Ingham		<u>3,494</u>	<u>\$25,516,528.06</u>

Exhibits 65A-F

1023a

Real Estate Mortgage Recordings by County in 1952

County	Mortgagee	No. of Mortgages	Amount
Kent			
(Exhibit 65D, page 292)			
Michigan National Bank		589	\$ 5,409,112.17
All other banks and trust companies		1,866	12,636,990.36
Building and/or savings and loan associations		1,474	9,383,370.12
Insurance companies		521	6,256,625.00
Credit unions		64	267,722.03
Other corporations		512	4,313,320.74
Individuals		848	3,591,160.58
Total—Kent		5,874	\$41,858,301.00

St. Clair

(Exhibit 65E, page 502)

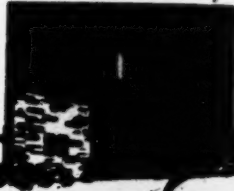
Michigan National Bank	503	\$ 3,159,161.95
All other banks and trust companies	789	3,912,714.78
Building and/or savings and loan associations	620	3,038,242.21
Insurance companies	30	197,800.00
Credit unions	15	61,931.32
Other corporations	10	56,708.00
Individuals	254	1,078,321.79
Total—St. Clair	2,221	\$11,504,880.05

*Real Estate Mortgage Recordings by County in 1952***Saginaw**

(Exhibit 65F, page 425)

Michigan National Bank	387	\$ 3,046,417.09
All other banks and trust companies	889	4,699,096.25
Building and/or savings and loan associations	1,512	8,087,550.42
Insurance companies	121	1,133,978.92
Credit unions	5	18,065.00
Other corporations	69	662,494.85
Individuals	313	1,505,955.36
Total—Saginaw	3,296	\$19,153,557.89

ROBERT L. CARLSON
Executive Vice President

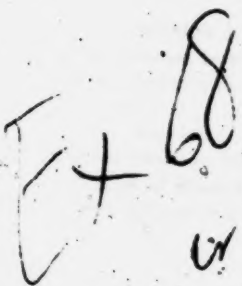

Saginaw Savings

AND LOAN ASSOCIATION

TELEPHONE PL 5-8571

May 20, 1958

I hereby certify that the attached
copy of the By-Laws of the Saginaw Savings and
Loan Association is a true copy of the By-Laws
which were in effect in 1952.


Emelia E. Carlson

Emelia E. Carlson

Treasurer-Assistant Secretary

1952 By-Laws of Saginaw Savings and Loan Association
BY-LAWS

of the

SAGINAW SAVINGS AND LOAN ASSOCIATION

Saginaw, Michigan

ARTICLE I.

Name

This Association shall be known as the SAGINAW SAVINGS AND LOAN ASSOCIATION, SAGINAW, MICHIGAN, with its principal office located in the City of Saginaw, Saginaw County, Michigan.

ARTICLE II.

Object of This Association

The object of this Association is to conduct such business as authorized by Act No. 50 of the Public Acts of 1887, as amended, and such amendments thereto as may be adopted from time to time.

ARTICLE III.

Capital Stock

Section 1. The authorized capital stock shall be ten million dollars, and be divided into one hundred thousand shares of the par value of one hundred dollars each.

Section 2. The stock shall be divided into Fully Paid Shares and Optional Savings Shares, which classes of stock may be issued at any time the Board of Directors may determine, as provided by these by-laws and the laws governing this Association.

ARTICLE IV.

Members

Any person may become a member of the Association by subscribing for one or more shares of its stock upon the forms prescribed by the Association and by making payments thereon either in full or in part; except, all borrowers from the Association and all other obligors through such relationship shall become members thereof for the duration of such relationship. The rights and privileges of membership shall be subject to all the by-laws of the Association herein set forth or that may be hereafter adopted, the articles of Association, and the statutes of the State of Michigan, together with all the resolutions of the Board of Directors adopted from time to time which are not inconsistent therewith.

ARTICLE V.

Members' Voting Privilege

Except as otherwise provided by law, at all meetings of members of the Association each shareholding member shall be entitled to cast one vote, in person or by proxy, for each \$100.00, or fraction thereof, standing in his share account as shown by the books of the Association, and each borrowing or otherwise obligated member shall be entitled to one vote.

either in person or by proxy, for each obligation. Membership held in the name of two or more persons shall have no greater voting power than membership held by an individual member.

ARTICLE VI.

Meetings

Section 1. The annual meeting of the members of the Association shall be held at its office in the City of Saginaw, or at such other place designated by the Board of Directors on the 3rd Tuesday in January of each year, at 7 o'clock P. M., Eastern Standard Time; but in the event such day falls on a legal holiday, then said annual meeting shall be held on the next succeeding business day.

Section 2. Special meeting of members may be called at any time by the president; or shall be called upon the written request of a majority of the directors, or whenever ten per cent or more members shall make written request therefor to the secretary. Notice of either the annual meeting or a special meeting and the purposes or purposes thereof shall be given either by mailing such notice by ordinary mail to the last known post office address of the several members as shown by the books of the Association, postmarked at least one week prior to the date of said meeting, or by publishing said notice at least two times before said meeting, the first of said publications to be at least ten days prior to the meeting date, and the second, one week later, in any newspaper published in the English language in the City of Saginaw, Michigan, that has general circulation in the County of Saginaw, Michigan.

Section 3. Any number of members of the Association, including a majority of the Board of Directors, shall constitute a quorum at either the annual meeting or any special meeting.

Section 4. All voting at members' meetings shall be done in person or by proxy.

ARTICLE VII.

Directors - Powers, Duties and Qualifications

Section 1. The Board of Directors shall:

- (a) Have the general management and control of the business and affairs of the Association;
- (b) Prescribe such rules and regulations for the conduct and government of the Association and the members thereof as are not inconsistent with these by-laws or contrary to law;
- (c) Have the power to appoint such various standing and special committees as are necessary in the conduct of the business;
- (d) Fix the salaries or compensation of all officers, directors, agents, and employees of the Association;
- (e) Have the power to borrow such money as may be necessary to transact the business of the Association, in an amount and under the conditions prescribed by the laws of the State of Michigan;
- (f) Have authority to and shall designate one or more depositories for the association's funds. Such designation shall be renewed or changed at least once in each year;
- (g) Have such further powers and duties as are authorized by law.

Section 2. The Board of Directors shall consist of not more than twelve members or less than seven, as specified by resolution of the Board of Directors, who shall hold office until the annual meeting of

annual meeting, not more than four directors shall be elected for a term of one year, not more than four directors shall be elected for a term of two years, and not more than four directors shall be elected for a term of three years; that thereafter the members of the Board shall serve for terms of three years each, or until their successors are elected and qualify, unless they shall have resigned, become disqualified or incapacitated.

Section 3. A majority of the Board shall constitute a quorum for the transaction of business, but a lesser number may convene and take adjournment. No member shall be eligible for election as a Director unless he owns in his individual and separate right on the books of the Association unpledged shares upon which Two Hundred Fifty (\$250.00) Dollars in cash has been paid. Any Director who shall cease to possess the qualifying shares herein set forth shall thereby forfeit his office as such Director, and the same shall become vacant without affirmative action of any sort on the part of the Board of Directors or the members of the Association.

Section 4. Vacancies on the Board of Directors whether caused by death, resignation, or loss of qualifying shares, may be filled by a majority vote of the remaining members of the Board until the next annual meeting of the Association.

ARTICLE VIII.

Directors' Meetings

Section 1. Stated monthly meetings of the Board of Directors for the transaction of general business shall be held on such dates and at such times as shall be fixed by a resolution of the Board of Directors; but in the event said day falls on a legal holiday, then said meeting shall be held on the next succeeding business day, or at such other time as may be agreed, upon in advance by a majority of said Board. Special meetings may be called by the president or the secretary-treasurer whenever in his opinion the business of the Association may require such special meeting.

Section 2. Notice of meetings of directors shall be given by telephoning, delivering or mailing to each director, at least twenty-four hours before the time for the meeting, a notice stating the time, place and purposes of the meeting, unless such notice is waived in writing by all Directors before or after the meeting.

ARTICLE IX.

Officers

Section 1. The officers of the Association shall be a President, one or more Vice-Presidents, a Secretary, a Treasurer and such other officers as the Board of Directors may designate, who shall be elected by the Board at the meeting of the Board of Directors next following the organization or the annual members meeting. Any two of the above offices except those of the President and Vice-President may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity. All officers shall assume their duties not later than the first day of the following month, and shall hold office for one year or until their successors are duly elected and qualified.

Section 2. The Board of Directors may appoint an attorney for the Association, who may or may not be a director of the Association, and an executive Committee consisting of five members, and may also elect a chairman, who shall preside at all meetings of the Board of Directors and shareholders, and may also appoint one or more assistant vice-presidents

likewise may or may not be a member of the Board of Directors and whose duties shall be such as generally pertain to such office. The attorney and the assistant vice-presidents, secretaries and treasurers, if any, shall hold office at the pleasure of the Board of Directors.

ARTICLE X.

President

The president shall preside at all meetings of the members and the Board of Directors, and shall perform such other duties as are usually ascribed to that officer, and such as are required by the by-laws or the resolutions of the Board of Directors.

ARTICLE XI.

Vice-Presidents

In case of the absence or disability of the president, his duties shall be performed by a vice-president.

ARTICLE XII.

Secretary-Treasurer

Section 1. The Secretary shall act as such at all meetings of the Board of Directors and Shareholders, keep the minutes of such meetings and cause them to be entered in a book of records kept for that purpose. He shall have general charge of the accounting of the Association's business, and shall see that such accounts are kept correctly between the Association and its shareholders, borrowers and others. He shall have the custody of all deeds, mortgages and other papers belonging to the Association, and shall see that they are properly safeguarded. He shall also protect the interest of the Association in any property owned by it or in which it may have an insurable interest by proper policies of insurance, and shall also see that the interests of the Association in any real estate are protected from tax liens. He shall furnish each month to the Board of Directors a summarized statement of the financial transactions of the Association for the preceding month, and shall perform such other and further duties as the Board of Directors shall require from time to time.

Section 2. The treasurer shall have custody of and be responsible for all of the monies, securities and funds of the Association. He shall also perform such other duties as may be assigned to him by the Board of Directors.

ARTICLE XIII.

Assistant Officers

Section 1. The assistant vice-president, if appointed by the Board of Directors, shall assist the president or a vice-president in the discharge of his duties and have such other authority as the Board of Directors by proper resolution may prescribe.

Section 2. The assistant secretary and the assistant treasurer, if appointed by the Board of Directors, shall assist the secretary and the treasurer in the discharge of his duties, and have authority on proper resolution of the Board of Directors to execute any instrument requiring the signature or counter-signature of the secretary or the treasurer. He shall act as secretary or treasurer of the Association in his absence.

and perform such duties as the secretary or treasurer or the Board of Directors may prescribe.

ARTICLE XIV.

Attorney

The attorney shall examine all abstracts, title policies, and records relating to the title of real estate offered as security for a loan, certify in writing to the Board of Directors all facts that might in any way affect the interest of the Association in case such security is accepted and perform such other legal services as may be authorized by the Board of Directors or requested by the secretary-treasurer.

ARTICLE XV.

Bonding of Officers and Employees.

A bond or bonds covering all active officers and employees shall be executed in such an amount as the Board of Directors may specify, and as provided by the laws of the State of Michigan.

ARTICLE XVI.

Types of Shares

Section 1. The following types of shares may be issued in the discretion of the Board of Directors:

- (a) Installment savings shares, on which dues shall be paid as may be fixed by the Board of Directors.
- (b) Optional savings shares, on which, after the first payment has been made, the shareholder may pay any amount at any time desired.
- (c) Fully-paid shares, when the full par value thereof is paid at the time of issuance or when the full par value of other types of shares has been paid in thereon, including credited dividends.

Section 2. When payments on installment savings or optional savings shares, together with dividends credited thereto, equal the full par value thereof, such shares shall become fully-paid shares and certificate representing the same shall be exchangeable for membership certificate representing fully-paid shares at the option of the holder thereof without cost. Any holder of installment savings or optional savings shares may at any time pay the difference between the amount paid in thereof, including credited dividends, and the par value thereof, and shall thereupon be entitled to a certificate or passbook representing fully-paid shares.

ARTICLE XVII.

Dividends

As of June 30 and December 31 in each year, and after payment or provision for all expenses and appropriate transfers to reserves, the remainder of the net earnings for the half calendar year shall be transferred to the undivided profits account. At the regular monthly meeting immediately preceding January 1 and July 1 each year the Board of Directors shall declare a dividend payable on January 1 and July 1 of each year, respectively, or if either such date be a legal holiday, then on the next succeeding business day. No dividends shall be declared except dividends payable on said dividend dates. Payments of net earnings to shareholders are dividends and shall not be referred to as interest.

Dividends upon fully-paid shares shall be promptly paid in cash as of the dividend date. Dividends on shares of other classes shall be credited to such share accounts on the books of the Association as of the dividend date unless the Association shall have agreed with the holder of any such shares to pay all or part of the dividends in cash. Dividends payable in cash shall be paid on the dividend payment date and may be paid by check or bank draft. All shareholders shall participate equally in dividends pro rata to paid-in value, plus credited dividends (hereinafter termed "participation value") of their respective share accounts; provided that the Association shall not be required to pay or credit dividends on share accounts of \$5 or less. Except as above provided, dividends shall be declared on the participation value of each share account at the beginning of the dividend period, plus payments thereon made during the dividend period (less amounts withdrawn and noticed for withdrawal, which for dividend purposes shall be deducted from the latest previous payments thereupon) computed at the dividend rate for the time invested, determined as provided below. The date of investment shall be the date of the actual receipt by the Association of a payment on a share account, except that the Board of Directors may fix a date, which shall not be later than the tenth of the month, for determining the date of investment, provided, however, that the Board of Directors may permit investments of \$100 or more to receive dividends from the date of investment in any event. Payments on share accounts, affected by such determination date, received by the Association on or before such determination date, shall receive dividends as if invested on the first of the month during which such payment is made. Payments on share accounts, affected by such determination date, received subsequent to such determination date, shall receive dividends as if invested on the first of the month next succeeding the month during which such payment was made. No preference shall be created with respect to the distribution of assets upon voluntary or involuntary liquidation, dissolution or winding up of the Association.

ARTICLE XVIII.

Insurance of Shares

In the event that the share accumulations of the Association are insured by the Federal Savings and Loan Insurance Corporation and in the event that the Association contemplates taking action to terminate the insurance of share accumulations by the Federal Savings and Loan Insurance Corporation, the regulations of such corporation as they exist shall be adhered to. Notice of such contemplated action shall be furnished to the state supervisory authority.

ARTICLE XIX.

Withdrawal of Shares

Any member desiring to withdraw his unpledged shares, either fully paid, or part paid, in whole or in part, shall have the privilege to do so; provided, the Board of Directors may require thirty days written notice of such intention to withdraw. Such written applications to withdraw shall be numbered and filed in the order received, and after thirty days from the receipt of such application the Association shall either pay the withdrawing member the value of his shares to be withdrawn or shall apply thereon in the manner provided by the statutes of the State of Michigan, and any amendments thereto, the funds of the Association applicable to the payment of withdrawals. The withdrawal value of shares shall be the full amount paid in thereon, including such dividends or earnings as have been credited thereon, less any fines, fees and other charges legally made against such shares and remaining unpaid.

ARTICLE XX.

Assignment of Shares

Section 1. All shares shall be issued and by the acceptance thereof held subject to all provisions of the law of the State of Michigan as now or hereafter amended, the articles of association and by-laws of the Association, and shall be transferable on the books of the Association upon surrender by the holder thereof, in person or by his duly authorized attorney, to the Association of the share certificate properly endorsed. The Association may treat the holder of record of shares as the owner for all purposes, without being affected by any notice to the contrary, until the share certificate is transferred on the books of the Association. Share certificates will not be transferred unless and until the transferee has made proper application for membership in and has been accepted as a member of the Association.

Section 2. The Association shall not charge, directly or indirectly, any membership, admission, repurchase, withdrawal, or any other fee or sum of money for the privilege of becoming or ceasing to be a member of the Association.

ARTICLE XXI.

Earnings, Expense and Reserve

The gross earnings of the Association shall be computed semi-annually on June 30 and December 31 of each year. Expenses shall be paid and reserves accumulated and expended as required by law and as necessary for insurance purposes. Earnings in excess of such reserves may be transferred to other accounts as necessary in the conduct of the Association's business, and the balance shall be transferred to the undivided profit account. Dividends declared by the Board of Directors shall be paid or credited from the undivided profit account only, as heretofore provided.

ARTICLE XXII.

Loans and Conditions

Section 1. Subject to the applicable statutes of the State of Michigan the funds of the Association shall be loaned under the direction of the Board of Directors at such rate of interest and on such other terms and conditions as may be agreed upon between the Board of Directors and the borrowing member.

Section 2. On the filing of a report in writing by the appraisal committee of the Board of Directors, or other appraiser appointed by it, the Board of Directors by resolution may authorize its proper officers to complete loans. Loans so made shall be reported to the Directors at their next meeting. Applications for loans shall be made on forms provided by the Association.

Section 3. If a borrower neglects to offer security satisfactory to the Board of Directors within thirty days after having been notified by mail that his application for a loan has been granted and that the money is available therefor, his right to the loan shall be forfeited, and he may be charged with interest for one month, together with any expense incurred, and the money appropriated for such loan may be reallocated at the next or any subsequent meeting of the Board of Directors.

Section 4: Periodical applications of the payment of a borrower may be made to the direct reduction of his loan at such intervals and in such manner as fixed and determined from time to time by resolution of the Board of Directors and set forth in the borrower's note, bond or other evidence of indebtedness or in the mortgage securing the same.

Section 5. Any borrower desiring to reduce his loan by applying thereon the withdrawal value of shares pledged as security for the loan shall be permitted to do so upon filing a written request for such application of credits in such form as prescribed by the Board of Directors; provided, however, that upon such application of share credits the Association shall not be required to reduce the amount of the regular payments upon the loan as provided in the original contract with the borrower.

ARTICLE XXIII.

Limiting Rights of Directors, Officers or Employees of the Association

No director, officer or employee of the Association shall be granted any real estate loan from the Association or become otherwise indebted to the Association in excess of the number and the amount permitted by law.

ARTICLE XXIV.

Limitation of Members to Borrow

Not more than \$20,000.00 in the aggregate shall be loaned to any member of the Association on the security of real estate except by a resolution of the Board of Directors in each individual case, limiting the number of loans and the total amount thereof.

ARTICLE XXV.

Loans on Shares

Shareholders, at the discretion of the Board of Directors, may obtain loans on their shares without other security as provided by statute. No shareholder shall be permitted a share loan when there are unpaid withdrawal applications on file.

ARTICLE XXVI.

Retiring Shares

The Association by resolution of its Board of Directors may call shares for cancellation at any time on giving thirty days notice thereof to the members whose shares are thus called for cancellation. Such notice shall be directed to the member at his last known place of address, as shown by the Association's records. Upon the cancellation of such shares the member shall present and return to the Association the evidence thereof. All earnings or dividends on shares so called for cancellation shall cease on the expiration of said thirty-day period regardless of whether or not said shares are then presented by the member for cancellation and payment.

ARTICLE XXVII.

Execution of Legal Documents and Disbursements

All contracts, deeds, releases, mortgages, checks, notes and other evidences of indebtedness, and all other instruments to be executed

Exhibit 68

1033a

EXHIBIT 72

(2) Present: Messrs. Butzel, Eaman, Long, Gust & Kennedy, Philip T. Van Zile, Esq., appearing, 1881 National Bank Building, Detroit 26, Michigan, Attorneys for the Plaintiff; William D. Dexter, Esq., Assistant Attorney General, Lansing, Michigan, and Messrs. Dickinson, Wright, Davis, McKean & Cudlip, W. Gerald Warren, Esq., appearing, 800 National Bank Building, Detroit 26, Michigan, Attorneys for the Defendants; Maurice W. Lamson, Esq., 202 First Savings & Loan Association Building, Saginaw, Michigan, Attorney for First Savings & Loan Association.

(4) Saginaw, Michigan,
Friday, December 13, 1957
One-thirty o'clock P.M.

The taking of the Deposition of Mr. James H. Jerome by the Plaintiff in the above-entitled cause, was commenced on Friday, December 13, 1957, at one-thirty o'clock in the afternoon, at the offices of the First Savings & Loan Association, No. 124 S. Jefferson Avenue, Saginaw, Michigan.

(5) Mr. Van Zile: Now, do you want to state on the record any objections you may have, Mr. Dexter?

Mr. Dexter: Let the record show that the defendants object to the whole line of the testimony to be obtained from the deposition of Mr. Jerome, as being immaterial and irrelevant to this matter.

1036a Exhibit 72—Deposition of James H. Jerome
Direct Examination

I think it is also fair to state that it is agreeable with counsel that this objection will obtain throughout this whole deposition, without repeating it after any particular question.

Mr. Van Zile: I agree to that; and I will also reserve a general objection to any questions that Mr. Dexter may put to Mr. Jerome.

Mr. Dexter: O. K.

(6) JEROME, JAMES H., was thereupon called as a witness by the Plaintiff herein, and after having been first duly sworn to tell the truth, the whole truth, and nothing but the truth, testified as follows:

Direct Examination

By Mr. Van Zile:

Q. Mr. Jerome, will you state your full name, please?

A. James H. Jerome.

Q. Where do you live?

A. I live at 77 Benton Road, Saginaw, Michigan.

Q. By whom are you employed, Mr. Jerome?

A. I am employed by the First Savings & Loan Association, of Saginaw, Michigan.

Q. In what capacity?

A. In the capacity of Executive vice President.

Q. How long have you served in that capacity, Mr. Jerome?

A. Well, I will have to check that; it has been so long ago that I have about forgotten.

Mr. Van Zile: Let the record show that according to the Secretary of State's report for the fiscal year ended June 30, 1950, Mr. Jerome was listed as an

Exhibit 72—Deposition of James H. Jerome 1037a
Direct Examination

Executive Vice President; and, in prior years, the report of June 30, 1949, he was listed as Secretary-Treasurer.

(7) A. Yes; I had 1951 in mind, but I was not sure.

Q. (By Mr. Van Zile, continuing): Some time between 1949 and 1950, your capacity changed from Secretary-Treasurer to Executive Vice President?

A. Yes, sir. (After referring to a memorandum brought into the deposition room): It was 1950.

Mr. Van Zile: 1950?

A. Yes.

Q. (By Mr. Van Zile, continuing): Prior to 1950, you acted as Secretary and Treasurer, and active manager of the institution, is that correct?

A. That is correct.

Q. How long have you been employed by the Association in any capacity, Mr. Jerome?

A. You mean full time?

Q. Or, part time?

A. Well, it goes clear back to say 1900, when I was in my school years, when I did little odd jobs around here.

Q. When were you employed first at full time?

A. Well, full time was in 1926.

Q. Have you been engaged in any other business in the Saginaw area, Mr. Jerome?

A. No, sir.

Q. So that, at the present time, you are engaged solely as the (8) active manager, and Executive Vice President of the Association?

A. That is correct.

Q. Now, through your position and general business background in this area, are you familiar with

1038a Exhibit 72—Deposition of James H. Jerome
Direct Examination

the methods used in this area in the financing or mortgaging of real estate, and building transactions?

A. Generally speaking, yes.

Q. Where is your Association located, Mr. Jerome?

A. At the corner of Jefferson and Federal, Saginaw, Michigan.

Q. At this point, Mr. Jerome, I would like to say that all of my questions are directed to the year 1952, or prior thereto; and we are not concerned with what has happened since 1952.

A. Yes.

Q. Was your Association located where you stated, in 1952?

A. Yes, sir.

Q. Did you have branches in 1952?

A. No, sir.

Q. How long has it been located in its present location?

A. 1931.

Q. In what general area does your Association do business? By that, I mean what is the general location of your shareholders?

A. The greater or major portion is in this immediate Greater Saginaw area.

Q. What do you mean by the "Greater Saginaw Area",—just generally?

(9) A. Oh, we think of Frankenmuth, Saint Charles, Freeland, and Bridgeport as the Greater Saginaw Area; but, of course, there is some sloughing off.

Q. Does it include Bay City?

A. We do not consider that as a portion of the Area, although we have some accounts in Bay City; but, we do not have any mortgage business in Bay City.

Exhibit 72—Deposition of James H. Jerome 1039a
Direct Examination

Q. So, the general area is the Greater Saginaw Area, as you describe it?

A. Yes.

Q. That is, it is the general location of the majority of your shareholders?

A. That is correct.

Q. Is it also the general location of your borrowers?

A. Yes.

Q. Your Association is organized under the State law, is that correct?

A. That is correct.

.

(10) Mr. Dexter: I wonder if I could state on the record now that defendant's objection as to irrelevancy and immateriality also extends to the exhibits?

(11) Mr. Van Zile: Yes; that is understood.

Mr. Dexter: All right.

Q. (By Mr. Van Zile, continuing): Would you state for the record, Mr. Jerome, what this exhibit is?

A. This (indicating) is the By-Laws of the First Savings & Loan Association as they were in effect on July 1, 1952.

Q. Can you tell me whether they remained the same during the balance of the year 1952—do you recall?

A. I believe that they did.

Q. These are the By-Laws under which the Association operated in 1952?

A. That is correct.

.

Q. (By Mr. Van Zile, continuing): I will ask you, Mr. Jerome, to please identify Plaintiff's Exhibit No. 2. Just tell us what that is, for the record (handing the exhibit to the witness).

1040a Exhibit 72—Deposition of James H. Jerome
Direct Examination

A. This (indicating) is a savings account book, the customer's record of the savings account.

(12) Q. Is this the type of pass book you were using in 1952?

A. Well, substantially, yes. There may be a difference in the type of modeling.

Q. But this is substantially the same as it was in 1952?

A. Yes.

Q. Passing to the capital structure of the Association, would you state for the record in general how your Association obtains its capital?

A. Well, the capital is a requirement of the State law, and is obtained by the purchase of authorized capital stock, authorized by the State Department of Michigan.

Q. Is it true that the bulk of your capital comes from those who invest in your shares? Is that a fair statement?

A. Yes; it in turn is converted actually on the inception of the savings account into a representation of the investor's interest in the Association.

Q. Now, this being a State Association, Mr. Jerome, and it being the first such association we have had a chance to discuss, would you explain for the record the type of shareholders you have in a State association?

A. That we actually have, or are authorized to have?

Q. Well, actually have?

A. We have optional savings shareholders.

Q. Now, I think that—

(13) A. (Interposing): Now, wait a minute.

Q. I think I can help you.

A. I am thinking of what is currently being issued.

Exhibit 72—Deposition of James H. Jerome 1041a
Direct Examination

Q. Yes. Let me put it to you in this way. In the Secretary of State's office, there is a report for the fiscal year ended June 30, 1952, which includes a report of the First Savings & Loan Association, and you list under liabilities, optional savings shares?

A. Yes.

Q. Advance payment shares?

A. Yes.

Q. And fully paid shares?

A. Yes.

Q. Now, would you explain for the record what is meant by an optional savings share?

A. Well, an optional savings share differentiates itself from a Federal type of share accounts, which are bonus shares, and does not require a specific monthly savings account, and the amount is optional with the investors; that is, he can open the account, and then never add to it, or, he can add to it, as he wishes; that is his option; and that is the reason for the use of that identification.

Q. Is it similar to the share account in a Federal Savings & Loan Association?

(14) A. Yes. I do not know the exact nomenclature of it; but the other share, well, I don't recall it even, but basically few of them use the outside bonus type of account, but it is the same.

Q. Well, all right. Now, what is meant by the term "Advance payment shares"?

A. Well, advance payment shares is a type of issue that has not been issued since 1926, but that was a bonus type of account, where the man paid seventy-five dollars for each unit of his certificate; and then if he left it until an increment matured it to one hundred dollars, he got the one hundred dollars; but, if he withdrew it prior to that time, he sacrificed what-

1042a Exhibit 72—Deposition of James H. Jerome
Direct Examination

ever increment there was; and that was the advance payment shares; but, they have not been issued since 1926.

Q. Then what is meant by the term "Fully paid shares"?

A. Fully paid shares are, and I may be a little off in my dating, but at the time of the insurance of our accounts, our fully paid shares were entirely re-drafted to conform with the Federal Savings and Loan insurance requirements, and they contained the same identical condition that the optional savings shares contained.

Now, prior to that time, the fully paid shares contained conditions that limited the maximum amount of earnings, but, other than those conditions, generally they were the same as the savings account, but there was a stated maximum limit of (15) earnings in them.

The other difference was that at that time those earnings were paid by check every six months; and the others were accrued and compounded, in the optional savings.

The further conditions were similar in detail, but I believe of no importance in anything that you would be concerned about.

Q. You have used the term "shares." Does that indicate that this investment by the shareholders was in the nature of a stock investment in the institution?

A. I don't think so, no; I do not interpret it that way.

Q. Then would you describe what you mean by that?

A. The basis for it is the law which sets it up that way, but in actuality, and in the opinion of, probably the majority of the public, they think of it, as we think of it, as a savings account.

Exhibit 72—Deposition of James H. Jerome 1043a
Direct Examination

Q. So, what would you liken it to? I mean in the commercial field what is it most like?

A. Well, it would be an absolute debtor-creditor relationship, both, a savings account—

Q. That is, in commercial banking?

A. Yes.

Q. Now, how are those shares, so-called, represented; they are not represented by a stock certificate, but how are they (16) represented? Are they represented by this pass book?

A. Oh, yes, sir, it is set forth in the pass book; the certificate is right there, in the cover (indicating).

Q. In other words, Plaintiff's Exhibit 2 is what represents their share interest in the Association?

A. That is right.

Q. How much must be deposited to open an account in your Association? Do you have a minimum, ~~or a~~ maximum, or anything of that kind?

A. We have a minimum of a dollar.

Q. Do you have any maximum of the amount that you will accept for deposit?

A. No.

Q. Is there any—

A. (Interrupting): Oh, for the record might I correct that?

Q. Yes.

A. We do not accept deposits. We have a lot of our customers who say that, but when we answer the question, why, we don't use the word "deposits."

Q. I realize that, and I did not use the word intentionally.

Now, what rights does the shareholder have in the Association, generally.

A. Well, he has all of the rights set forth in the By-Laws, of course. He has a voting right at the an-

1044a Exhibit 72—Deposition of James H. Jerome
Direct Examination

nual meeting, he has (17) the right to be present. He has the right of withdrawal. He has the right of borrowing of his ability. He has the right of presenting his investment as collateral to the Association, for an advance, in the nature of a loan with that as collateral.

I guess that covers pretty much the field.

Q. Incidentally, does he have to deposit in certain specified amounts of one hundred dollars, or two hundred dollars; is there any restriction like that?

A. His investment, as far as optional savings are concerned, is not detailed in any dollar amount. We do have fully paid certificates which are in the nature of a required minimum of one hundred dollars, and multiples thereof.

Q. You are required, I take it, by State law, to publish an annual report, is that correct?

A. A financial statement.

Q. Yes, a financial statement.

A. Yes.

Q. And, to report to the state—

A. (Interrupting): Monthly.

Q. Is it monthly?

A. Yes, sir.

Q. Then, you also do you not, send on a report that is incorporated in the Secretary of State's Building and Loan (18) and Savings and Loan Associations report?

A. Yes, we have the annual report.

Q. And your fiscal year ends on June 30—

A. (Interrupting): That is right.

Q. Of each year?

A. That is right.

Q. Do you have your published annual report for the year of 1952?

Exhibit 72—Deposition of James H. Jerome 1045a
Direct Examination

A. Yes.

Q. (By Mr. Van Zile, continuing): Will you identify Plaintiff's Exhibit 3, please, Mr. Jerome?

A. It is the financial statement of the First Savings & Loan Association, of Saginaw, Michigan, for the year ending December 31—for the calendar year ending December 31, 1952.

(19) Q. And this correctly represents the status of the institution on that date?

A. Yes, sir.

Q. Is that correct?

A. To the best of my knowledge and belief, yes, sir.

Q. On that score, while we are on that point, you do report to the State as of June 30 of each year, at the end of your fiscal year?

A. Yes.

Q. And those reports, as I have said, are incorporated in the Secretary of State's report on all savings and loan associations?

A. Yes, sir.

Q. That is, state savings and building and loan associations?

A. Yes, sir.

Q. Does the State audit your books?

A. The State and the Federal Savings and Loan.

Q. How often do they conduct that examination?

A. Well, basically it is once a year, although they may slip over a calendar year, and they may back in ahead of that, that is to say, kind of stretch it out a little bit.

Q. What I am driving at is, is your June 30 statement audited, that is, the one that you send in to the Secretary of State?

1046a Exhibit 72—Deposition of James H. Jerome
Direct Examination

A. I would say no, but I don't know their procedure, but they audit (20) as of the day they arrive.

Q. But, it is required that you make a correct report as of June 30?

A. We have to make a report as of June 30.

Q. What conditions, if any, are there on a shareholder withdrawing this deposit?

A. Do you speak of the practice, or the legal—

Q. I want to know the practice, because the law we know, of course.

A. The practice is that we have always paid on request, except for the time of the bank holiday, at which time we did ~~go on~~ notice as provided by Michigan law, and continued on that until we worked on out of it.

Q. Now, you pay from time to time a dividend on your shares, is that correct?

A. That is correct.

Q. Will you tell us something about that, that is, how it is determined, and who determined it, and so forth?

A. The dividend, of course, is a resulting factor of earnings, after we have paid for our operating expenses, set up the reserve requirements, as set by law, and as determined by the Board, and the remainder of our earnings are all disbursed to the investors.

Q. And that is determined by your Board of Directors, is that right?

(21) A. The dividend rate is determined by the Board of Directors, after hearing the requirements of the reserve and the operating overhead.

Q. When that dividend is paid, how is it paid? Is it paid in the form of a check sent to the shareholder, or is it credited to his account, or, what is the procedure?

A. Both.

Exhibit 72—Deposition of James H. Jerome 1047a
Direct Examination

Q. Both?

A. Yes.

Q. Does that difference depend on the type of share he has?

A. Well, yes and no.

Q. You go ahead and explain it?

A. We have our investment certificates, all of which are paid by check, and paid every six months.

Q. Is that the ones in multiples of—

A. (Interrupting): Of one hundred dollars. They have the right to either have their dividends accrue, or request that a check be mailed to them for it, whichever they wish. Those are in the same book, they simply indicate whether they wish the dividend mailed in the form of a check, or whether they wish it to accrue.

Q. Can you tell us what the dividend rate was in 1952? Do you recall?

A. Two and a half per cent per annum.

Q. Per annum?

(22) A. Yes.

Q. Now, I would like to talk a bit about the class of shareholder that deals with your institution. You have already described geographically where the shareholders come from, that is, the majority of them.

A. Yes, sir.

Q. Do you deal with any particular economic class of person? I mean, is there any particular group, economically, that invests in your Association?

A. No, sir; just the guy that has got some money to save.

Mr. Lamson: Is this helpful to the taxing situation?

Mr. Van Zile: It happens to be.

Mr. Lamson: I do not recognize it as such.

1048a Exhibit 72—Deposition of James H. Jerome
Direct Examination

Mr. Van Zile: Under the Supreme Court decisions, they think it is helpful. I do not know whether it is, or not.

Q. (By Mr. Van Zile, continuing): I mean, is there any general classification?

A. No.

Q. Do you deal particularly with the borrowing class, as opposed to the wealthier class of investors?

A. Well, that does not come from our direction; it comes from their direction. In other words, a man of a wealthy nature is (23) probably in the stock market, and not in a savings account. So, naturally, we pull the great ratio of our money from those people who are of a thrifty habit and are trying to accumulate. Oh, there are many investors who are wealthy people, who may have—well we have got one individual here who has got his money here for the sole purpose of meeting his inheritance taxes, and he is not a poor man by a long ways. But, there is no direction on our part which attempts solicitation from any specific group of people.

Q. Well, I would like to ask your own reaction to this statement. Do you know a Mr. Norman Strunk, who is Executive Vice President of the United States Savings and Loan League?

A. Yes.

Q. He wrote an article which appeared in the Burroughs Clearing House, April, 1954, "The Savings and Loan Group's Remarkable Growth Story," and he made this statement at page 35:

(Reading):

"Savings and loan associations in recent years have acted singly and as a group with the conviction

Exhibit 72—Deposition of James H. Jerome 1049a
Direct Examination

that the American middle class dominates the nation's economy. This, in part at least, is a dream of our forefathers come true. Accordingly, we have equipped ourselves on a nationwide basis to serve Mr. Middle Class."

—and by that he meant the Savings and Loan Associations (24) generally—

(Reading):

"On a nationwide basis to serve Mr. Middle Class. To us he is king and our institutions exist largely to serve him."

Is that your experience in Saginaw?

A. Well, I would say that the actual result of our operation is a much broader group of people in the middle class, than it would be in any other designated class; but, that does not come necessarily from any designed purpose.

Mr. Lamson: Are we confusing two issues? You are talking only about one place, and the middle class you would say is our borrowing public, merely restricted to the group that would be served—

Mr. Van Zile (interposing): At the present time I am talking about the savings end, primarily.

Mr. Lamson: I am wondering if Mr. Strunk is not making his statement in respect to the borrowing class.

Mr. Van Zile: He says both the borrowing and savings classes in this particular article, and I just wondered what Mr. Jerome's reaction was to it, as far as—

A. (Interposing): If you were to ask me if we are to limit our investment to the middle class only, I would have answered you on that, and it is—

(25) Q. In other words, it is broader than that?

A. Oh, yes.

1050a Exhibit 72—Deposition of James H. Jerome
Direct Examination

Q. Your institution is governed by a Board of Directors, I take it?

A. Yes, sir.

Q. Are they elected by the shareholders?

A. Yes.

Q. How do you determine the number of votes that a shareholder has; is it proportionate to his amount of savings?

A. Under our law, a borrowing member has one vote, as you are probably familiar with it, an investing member, so far as this Association is concerned, he has one vote for every hundred dollars of accumulated money. Now, he can vote either in person, or by proxy.

Q. You have, I take it, an annual meeting, at which the Directors are elected?

A. Yes, sir.

Q. Is that right?

A. That is correct.

Q. Is that the way it operates?

A. Yes, sir.

Q. What, in general, are the duties of your directors?

A. The directors, in general, are to set up the operating policies under which management shall work, and to review the procedures and see that we are in conformance with their (26) policies. Further than that, in our institution, our Board of Directors serve, along with the Executive officer, as our Loan Committee; that is, not all of the Board, but a group, that is, a number of the members of the Board.

Q. And that, in general, is a description of the duties of your directors?

A. In general, yes. I think that covers the most of it.

Exhibit 72—Deposition of James H. Jerome 1051a
Direct Examination

Mr. Lamson: Yes.

Q. (By Mr. Van Zile, continuing): I take it that in order to borrow, a person has to be a member of your Association?

A. That is correct.

Q. Would you tell us, in a general way, Mr. Jerome, what the procedure is when a person wants to borrow from you?

A. The routine, you mean?

Q. Yes, what is the routine?

A. Of course, there is an interview to determine—

Q. (Interposing); Who conducts the interview?

A. The applicant will be interviewed by any one of four or five designated and trained people; and, upon interview and determination, that the request is possible from purely a verbal description, an application is taken, in which we obtain a description of the property. We obtain the financial information relative to the individual, that is pertinent to loan considerations.

(27) It is then sent in for a credit report from the Credit Bureau, as to his standing. We review his obligations, his pledged obligations, to find out whether he is biting off more than he can chew, or not. Then it is presented to our Loan Committee, after our inspector has made a visual inspection of the property, and the interior, if he can get in.

The Loan Committee then approves the loan, and at that point it starts into the routine, the preparing of the papers for title examination, and approval of that, and then there is the closing of the loan, by a loaning officer, and the disbursement of the money for the purposes required in the application.

Q. Could you describe for us generally again the type of loan that your institution makes?

1052a Exhibit 72—Deposition of James H. Jerome
Direct Examination

A. Well, the great bulk of our mortgage loans fall very much into three categories:

Home purchase; home construction; home improvements; and then there are, of course, a group that are using an existing home for the personal use of money; they may have particular bills to pay, or they may want money for investment purposes. Now, we would not question those purposes, if the collateral to the underwriting indicated that they were capable borrowers. But, the majority of it is for home purchase, and home improvement.

(28) Q. I take it that a person when he comes to you for such a loan need not be a member, but when he wants to make the loan, he has to become a member?

A. Yes.

Q. Is that correct?

A. That is correct.

Q. Would you describe, Mr. Jerome, how that is handled? Does he have to subscribe for shares, for in advance?

A. No.

Q. As a condition of his loan?

A. No, not under the Michigan law.

Q. But, under your practice?

A. That is right.

Q. Is that right?

A. Yes.

Q. Does he have a particular type of book which is different from this one (indicating)?

A. Oh, we do not use a book.

Q. I see.

A. We use the billing system. Oh, wait a minute; I want to amend that.

Q. Yes.

Exhibit 72—Deposition of James H. Jerome 1053a
Direct Examination

A. In 1952 we did use the book, I believe; but we have not currently for some time.

(29) Q. In other words, or, in any event, if you used a book in 1952, what would that book show, the amount of the borrowing?

A. The balance due.

Q. That is, the balance due, and the payments made?

A. Yes.

Q. Is that correct?

A. Yes, and any charge for taxes and insurance.

Q. What types of collateral do you take for those loans?

A. The only collateral we take and have ever taken is first mortgage paper.

Q. And that is a first mortgage on the borrower's real estate?

A. Yes.

Q. Is that right?

A. Yes, and generally in the great bulk of cases, it is all residential property. We have an isolated one, once in a while, that is, maybe some neighborhood store, or something of that kind, where the owner lives in the adjoining property.

Q. I suppose this would be hard to do, but could you give any estimate of the percentage of your loans that were residential, as opposed to the others, in 1952?

A. Oh, it would be way into ninety per cent. We practically make no loans other than residential loans.

Q. Again referring to these loans in 1952, can you give us a general statement as to what the rate of interest was?

(30) A. Generally, the great majority of them were at five per cent at that time. Now, of course, that eliminates the FHA and GI loans, which are under statutory requirements.

1054a Exhibit 72—Deposition of James H. Jerome
Direct Examination

Q. Could you give us some description of what the duration of those loans was, that is, the term of those loans?

A. As they were legally for, or as history shows them to be?

Q. Both ways?

A. Basically, and this is mainly in 1952, our maximum loan was for sixteen years; but the majority of them were for almost eleven and a fraction years.

Q. How did that happen? Can you explain that?

A. It was simply the Board's policy.

Q. By "Board," you mean what board?

A. Our Board. We had difficulty in getting them to think in terms of twenty years at that time.

Q. Could you describe generally what the nature of the mortgage loan was, in terms of the repayment? How was it repaid?

A. Monthly.

Q. On a monthly basis?

A. Yes; principal and interest. I can further state that we then began a tax escrow system also; and quite a number of them did include tax escrow, as today the majority of them do.

Q. What is this "tax escrow"?

A. Well, the man pays in his monthly payments, one-twelfth of his (31) estimated taxes, and when they come due, we pay them.

Q. Speaking again of loans, and disregarding GI and FHA loans, did you have a policy on how much you would loan against the appraised value of the real estate?

A. Well, we are, of course, restricted by law to seventy-five per cent.

Q. And that was true in 1952?

A. Yes; of the Committee's appraisal.

Exhibit 72—Deposition of James H. Jerome 1055a
Direct Examination

Q. Now, Mr. Jerome—

A. (Interposing): Now, where it would end would be—and this is an illustration of how silly a percentage system is, if you interpret it as you propably do; but, we will go out and look at a piece of property, and our man will say that this property is worth about five thousand dollars, and maybe one of our other members will not agree with that; he thinks it is worth six thousand dollars; and when we ask them what they have in mind for the mortgage loan, why, they are maybe one hundred dollars apart; they just approach it by a different valuation system, one being about seventy-five per cent, on an older house, and the other may be heading up to two-thirds, on a more elaborate system of valuation, but they end up about the same.

Now, we use four men on our loaning work, not always positively, but our Loan Committee consists of four men, (32) if we can get them all.

Q. I take it from what you said before, that you do take into consideration in the making of a loan, the person's credit standing, the one who comes to you for a loan?

A. Yes, in fairness to him, we do.

Q. Are there any restrictions on the class of people to whom you would loan money?

A. No.

Q. Are there any restrictions on the amount which you loan?

A. As relates to people?

Q. Not as relates to people, and not as relates to the percentage of the appraised value, but as relates to the amount of a loan; in other words, do you have a ceiling on the amount which you loan?

A. A ceiling?

Q. Yes.

1056a Exhibit 72—Deposition of James H. Jerome
Direct Examination

A. No; no established ceiling.

Q. Now, turning to Plaintiff's Exhibit 3, which is your statement as of December 31, 1952, you have listed under assets, GI mortgage loans.

A. Yes, sir.

Q. Would you just briefly describe what those are?

A. Those are mortgage loans made under the Veterans Act.

Q. In accordance with the Act?

(33) A. Yes, sir.

Q. And the FHA loans, the FHA mortgage loans?

A. Oh, the same would be true; they are insured by the Federal Housing Administration; they are all Title 2 loans.

Q. You have just said that both the GI and the FHA loans are insured or guaranteed by governmental agencies. That is what you have just stated?

A. Yes.

Q. Then you have first mortgage loans?

A. Yes; those are conventional loans.

Q. And those are the ones that we have been discussing primarily in the past few minutes?

A. Yes.

Q. And then there is an entry, "Land contracts"?

A. Yes.

Q. What is meant by that? What was meant by that term?

A. Of course, a mortgage loan is permissible only where the debtor is the owner of the title, or becomes the owner of the title. A land contract is an agreement on the part of a buyer to purchase from a seller, and gets the property at a stated price and under stated conditions; and those result from properties that we acquired during the depression days, and sold under the

Exhibit 72—Deposition of James H. Jerome 1057a
Direct Examination

condition of a small down payment, and monthly payments, and ultimately the delivery of title; and contracts (34) that we from time to time purchase.

Q: I notice that that is a fairly small amount; that it represents a fairly small amount of your assets?

A. Yes, sir.

Q. So that it is not a normal type of—

A. (Interrupting): It is a limited type of transaction; and the bulk of it in 1952 was probably the result of necessary foreclosures in the thirties.

Q. Now, passing over to the liability side, Mr. Jerome—

A. Yes.

Q. You have the term under "Liabilities," "Savings and Investment Accounts," and I take it that those are the type of share accounts that we discussed before (indicating)?

A. Yes, that is the same title.

Q. And then "Loans in Process" (indicating)?

A. Yes, sir.

Q. What is meant by that term?

A. "Loans in Process" are construction and repair loans, on which the loan is predicated upon the completion of certain stated improvements to or construction of property; and we, making the loan, of course, would not disburse that money until, or as those improvements actually became incorporated on or in the real property.

Q. So that, this is something that you set up—

(35) A. (Interrupting): That is providing how fast they do certain things, and it is owing to the creditors.

Q. But eventually, that would be finalized in the form of a first mortgage?

A. Yes, it is finalized at the time that the loan is closed, and this (indicating) represents the undisbursed amounts of the loans, or, of the mortgage assets.

1058a *Exhibit 72—Deposition of James H. Jerome*
Direct Examination

Q. Then you have the term "Specific Reserves"?

A. Yes.

Q. What sort of a reserve is that?

A. "Specific reserves" are reserves set up for certain—they are not in the category of general legal reserves. Under our law, the legal reserve would be used only in the event of actual loss on any asset. Now, specific reserves may move to undivided profits, or, they may be moved to losses, and be charged off as loss; for instance on contracts, we may have a discount margin in them that is not earned until that contract is completed, and, until that time, it is carried in "Specific Reserves."

Now, we have a similar situation in some other minor transactions that I do not believe are at all important.

Q. What about the term "General Reserves" which you have listed here (indicating)?

A. "General Reserves" pick up our legal reserve, our undivided (36) profit reserve, our savings loan cash reserve, and those outside of undivided profits are all locked in the reserve here (indicating).

Q. Can you tell us what is the shareholders' interest in your reserves, undivided profits, and that sort of thing?

A. I do not know that I am answering you as you would anticipate, but since he is a shareholder, it is in his safety, that is, it is for his safety.

Q. I assume, if you liquidated tomorrow, he would get his aliquot share, depending upon what his interest is?

A. Yes, if there were not losses.

Q. Speaking again of 1952, and the years prior thereto, Mr. Jerome, what other services did your Association offer its customers or shareholders, or the

Exhibit 72—Deposition of James H. Jerome 1059a
Direct Examination

borrowing members? Do you have, or did you have safety deposit boxes?

A. Oh, no, we have never had.

Q. Did you issue money orders or traveler's checks?

A. Yes, I believe we did. Oh, when you say "money orders," they are titled "Bank Money Orders," where the man pays the amount, and we issue a check; and that is a convenience so as to let him carry his cash in paper form.

Q. Did you have checking accounts?

A. No, sir.

Q. Did you at that time have or permit savings by mail?

(37) A. In 1952?

Q. Yes.

A. I cannot answer you on that; I don't know; it has been going on in connection with advertising, but I do not know whether we did at that particular time, or not.

Q. Did you operate Christmas and Vacation Clubs, so-called?

A. Yes, but we haven't any Vacation Club now; but we do have Christmas Savings.

Q. Did you advertise?

A. Did we advertise?

Q. Yes.

A. Yes.

Q. In what area?

A. We used the newspaper and radio, but at that time I don't believe we were using television; at least if so, it was to such a minor extent that it didn't amount to anything.

Q. I understand that you have had prior experience as an officer of State and National Associations, that is, Savings and Loan Associations?

A. Yes.

1060a Exhibit 72—Deposition of James H. Jerome
Direct Examination

Q. Is that so?

A. Yes.

Q. That is, you have been active in them?

A. Yes.

(38) Q. Are you generally familiar with the operations of other State Savings and Loan Associations, and/or Building and Loan Associations, in Michigan?

A. In Michigan?

Q. In Michigan.

A. Well, generally.

Q. Is their operation pretty much as you have described it here?

A. Yes. There might be some minor differences, but fundamentally the Federals are governed under Federal law, and the States are under State law, and pretty generally, the boys stay naturally—

Q. (Interposing): All of the State Associations operate in the same way, generally, as the Saginaw Association?

A. Yes, sir.

Q. How many employees did you have in 1952, do you remember, that is, approximately?

A. Actually? What does that show our assets are (indicating)? I can come close to it by that (indicating).

Q. This is sixteen million in 1952 (referring to Plaintiff's Exhibit 4).

A. Well, sixteen million; well, we would have had approximately fifteen or sixteen employees then. We broke down so completely during the war, because we just didn't have any mortgage business, and then it all blossomed out and things started (39) jumping, so I haven't the figure correctly in my mind. But, I may be able to get it from the State report, but I don't know whether they carry it, or not.

Exhibit 72—Deposition of James H. Jerome 1061a
Direct Examination

Q. I do not think the State report carries it. This is the report, I think, here (indicating); but I do not notice anything of that kind.

A. No, that does not have it.

.

A. (After consulting with a gentleman in the office): There were twenty employees in 1952.

Q. (By Mr. Van Zile, continuing): What were your office hours at that time, Mr. Jerome?

A. (There was no answer from the witness.)

Q. Do you recall your business hours at that time?

A. Oh, usually, they were from nine to — well, at that time I don't know whether we had gone to four-thirty then, or not.

Mr. Lamson: I think that it was nine to three and half day on Saturday.

(40) Q. (By Mr. Van Zile, continuing): Nine to three, and half day on Saturday?

Mr. Lamson: Yes.

A. Yes.

Q. (By Mr. Van Zile, continuing): Mr. Jerome, I show you Plaintiff's Exhibit 4. I wish you would explain some of the figures that show up there (indicating).

Now, down at the bottom on page 36, I see "First Mortgage Loans Number of accounts, 3962" (indicating).

A. Yes, sir.

Q. And, as I say, this is page 36 of Plaintiff's Exhibit 4, and it contains a report on the First Savings and Loan Association, Saginaw, Michigan (indicating). I am now referring to the bottom of the page (indicating), where it says under "Miscellaneous information," "First mortgage loans, 3,962."

Does that refer, Mr. Jerome, to the number of loans that you had outstanding, as of the date of that report?

1062a Exhibit 72—*Deposition of James H. Jerome*
Cross Examination

A. That is correct.

Q. I mean, that is not the number of loans that you made during that fiscal year?

A. Oh, no.

Q. Your "Interest rate 4% to 6%," that is the general spread?

A. Yes.

Q. And then "Number of invested share accounts, 5,869." That (41) again refers to the total number of share accounts as of the end of that fiscal year?

A. That is correct.

(An application form of First Savings & Loan Association of Saginaw County, Michigan, was thereupon marked Plaintiff's Exhibit No. 5, Dec. 13/57, C.)

Q. (By Mr. Van Zile, continuing): Will you identify for the record Plaintiff's Exhibit No. 5, and tell us what it is, Mr. Jerome (handing the exhibit to the witness)?

A. This is an application for a mortgage loan, to First Savings & Loan Association, of Saginaw County, Michigan.

Q. And this is a type of application that you had your borrowers fill out in 1952?

A. It is substantially the same, yes, sir.

Mr. Van Zile: Thank you. That is all. No further questions now.

(42)

Cross Examination

By Mr. Dexter:

Q. The questions I shall ask you, Mr. Jerome, will relate to the year 1952. Is that understood?

A. Yes.

Q. Now, under what law were you incorporated?

A. Under the Michigan Building and Loan Act, Book No. 20—

Exhibit 72—Deposition of James H. Jerome 1063a
Cross Examination

Q. (Interposing): Of what year?

A. 1887.

Q. As I understand it, Plaintiff's Exhibit No. 1, your By-Laws, are the by-laws that you operated under in 1952?

A. That is correct.

Q. And in all of your operations, you conform to your By-Laws, and to the requirements of the statute under which you were incorporated?

A. That is correct.

Q. Do you have any knowledge of any opposition on the part of banks in the Saginaw area, at the time your charter was granted?

A. I have no knowledge of any, no; in fact, I did not have any knowledge at all, for the record.

Q. Your charter was granted when?

A. 1887.

Q. Have you had any knowledge, for the period that we are talking about, of opposition from the banks, in regard to your charter, (43) or your activities?

A. None that I know of.

Q. In reference to the type of shares or accounts that the Association has, may any of the shares be assigned?

A. In 1952, yes.

Q. Which shares were those that could be assigned?

A. Well, in 1952, any of the savings shares, or accounts, as we call them, were possible of assignment to another party, but we no longer continue that practice.

Q. Is the procedure necessary to affect that assignment as spelled out in your By-Laws, Exhibit 1?

A. That is correct.

Q. And that would be the only way that they could be assigned, as provided in these By-Laws?

A. That is correct.

1064a Exhibit 72--Deposition of James H. Jerome
Cross Examination

Q. And that would indicate the type of shares or accounts that could be assigned?

A. That is right.

Q. May any of these shares be redeemed or re-purchased, at the option of the Association?

A. Yes, it is possible.

Q. Can you explain how that can be done, or where that can be found?

A. You mean, in the By-Laws?

(44) Q. Well, if it is in the By-Laws, we would like to know that, and, if it is done in some other manner, other than the By-Laws, we would like to know that.

A. Well, I don't know that I know.

(After examining the By-Laws): Article XVIII of the By-Laws—you mean the By-Laws dating back to when, to 1952?

Q. Yes, Plaintiff's Exhibit 1.

A. In Article XVIII, there is a provision permitting the Board of Directors to call any of its shares for cancellation at any time on thirty days notice.

That is on page 9.

Q. Does that provision on page 9, indicate what is required to be paid by the Association, to retire the shares?

A. I don't know as I quite understand you.

Q. Then, let me ask you this: Would the shares be retired at the par value, plus the dividend that would be payable at that time?

A. At the book value, yes.

Q. The book value?

A. Yes.

Q. Then, in retiring these shares, they would not necessarily participate in a pro rata equitable distribution of all of the assets of the Association?

(45) A. That is correct.

Exhibit 72^d—Deposition of James H. Jerome 1065a
Cross Examination

Q. And, as I understand it, from the language of Article XVIII, on page 9 of Plaintiff's Exhibit 1, this would be true in reference to all of the types of shares or accounts that would be outstanding?

A. That is correct.

Q. Do you reserve the power to refuse anyone's wish to become a shareholder?

A. No.

Q. Have the stockholders and directors expressly authorized by resolution all types of business activity in which your Association engages, and, of course, we are referring to 1952?

A. None other than those that are set forth in the By-Laws.

Q. Can you engage in any other business other than that set forth in the By-Laws?

A. No.

Q. What cash reserves and deposits are you required to keep?

A. We are required under the State law—nothing, in the matter of how much has to be kept, but we are required, in reserve only, as to how much is to be contributed from earnings, under specified conditions of the State law. But, under the Federal Savings and Loan Insurance Corporation legislation, we are required to establish reserves, to a minimum amount of six per cent, in the period of twenty years from the issuance of (40) the insurance factor. Now, I might clarify that and say that that is subject to change by the Federal Savings and Loan Insurance Corporation.

Q. Is that in the form of cash reserves?

A. No.

Q. Then, what would be the nature of the reserve?

1066a Exhibit 72—Deposition of James H. Jerome
Cross Examination

A. The reserve would, frankly, be distributed all through your assets structure, and it could be all cash, if your cash equalled that amount.

Q. Or, it could be furniture, or, the building—

A. A building.

Q. And so on?

A. Well, whatever you wanted to take it to; that is, it is not specifically allocated; it is simply a reserve structure.

Q. And any requirement of your financial structure, in addition to this type of reserve, would be as spelled out in the State law, under which you are incorporated?

A. That is correct.

Q. Now, I know that your attorney touched upon this in your direct examination, but would you describe, as completely as you can, your sources of capital, and borrowed money?

A. The source of capital and borrowed money?

Q. Yes.

A. The source for our money, of course, comes from our investors, (47) that is our major source of funds; and it can be, as I previously stated, divided into three types of investments, which were then in existence, being optional savings shares, advance payment shares, and fully paid shares.

Now, as to the borrowing ability of the institution, it comes from different sources that we elect to borrow from, namely, the Federal Home Loan Bank, or, private banking structures.

Q. Are either of those two latter sources a source of your capital?

A. The two latter sources are not a source of capital, no, not as I understand capital.

Q. Have you borrowed from those sources?

Exhibit 72—Deposition of James H. Jerome 1067a
Cross Examination

A. When?

Q. For the period we are talking about?

A. In 1952?

Q. Yes.

A. Yes. What does it show there (indicating on Plaintiff's Exhibit 3): \$700,000.

Q. \$700,000?

A. Yes.

Q. That would be the amount of money that you borrowed from the Federal Home Loan Bank?

A. No, not that we borrowed at that time, but what we owed at that (48) time.

Q. What you owed at that time?

A. Yes.

Q. That is, you borrowed that from time to time?

A. Yes.

Q. And it shows that much outstanding as of the date of this statement of condition, of December 31, 1952, which is Plaintiff's Exhibit 3?

A. Yes.

Q. Now, initially, was there any requirement in your capital structure, in becoming a State Savings and Loan Association, under the Act that you referred to, that is different from your source of capital for the period we are talking about?

A. No, not that I can imagine offhand. The source was the subscription of funds to the formation, but I do not, frankly, know the requirement at the origin, as to how much they had to develop in cash subscription to receive their charter grant.

Q. That would be spelled out in the act of Incorporation?

A. Yes, and probably in the charter itself, I imagine.

Q. Do you have available any copies of the charter?

A. I think I have.

1068a Exhibit 72—Deposition of James H. Jerome
Cross Examination

(The witness then produced a document.)

A. There are the people (indicating) who subscribed to shares, but it does not give the dollar amounts (indicating).

(49) Mr. Dexter: For the record, we can assume, to the extent of its being material, that their original charter would be in accordance with the law in existence at the time they were incorporated.

Mr. Van Zile: Yes; and I might say, that if either one of us should desire a copy, perhaps we could request Mr. Lamson to have a photostat made, at our expense, of course, if we want it.

Mr. Dexter: Yes.

Q. (By Mr. Dexter, continuing): As I understand it, you stated, did you not, that you did not maintain any checking accounts for your customers, or for anyone else?

A. None other than—unless you interpret so-called money orders as checking accounts.

Q. Do you guarantee interest to your shareholders?

A. We are prohibited by law from guaranteeing interest.

Q. Do your shareholders have the right under the By-Laws to withdraw their money on demand?

A. Not under the By-Laws, no, sir. They have the right of withdrawal, but not unlimited.

Q. And that right of withdrawal would be spelled out in the By-Laws?

A. As set forth in the By-Laws.

Q. Are your shareholders considered as creditors by your Association?

(50) A. No, sir.

Q. Where do you keep the cash you are required to have on hand for business needs?

A. In point of our depositories, you mean?

Exhibit 72—Deposition of James H. Jerome 1069a
Cross Examination

Q. Yes.

A. Our funds are currently carried at the Second National Bank of Saginaw; the Federal Home Loan Bank of Indianapolis, and a small token deposit in the Chase Manhattan Bank of New York.

Now, in 1952, I don't know where they were. I would have to have our auditor check back to get the answer to that question.

Mr. Lamson: The only debatable one would be the Chase-Manhattan Bank, in New York, as to whether we had money there at that time, or not. Of course, they were in the Second National Bank, but it has varied.

(To the witness): You had some at the Michigan National too?

A. Yes, we had some at the Michigan National.

Mr. Lamson: At that time?

A. I don't know whether we had any there at that time, or not.

(The witness then telephoned to an outside office.)

A. (To counsel): Are you talking of the fiscal year ending June 30, 1952?

(51) Mr. Dexter: Yes.

A. I will have that checked for you in just a minute.

Mr. Dexter: All right.

Q.—(By Mr. Dexter, continuing): Are your cash requirements kept in regular bank commercial accounts?

A. No.

Q. What kind of accounts is it kept in?

A. Oh, they are kept in commercial banks, and Treasury bonds, notes or bills, and Federal Home Loan Bank notes. We are very limited in our right to invest our money.

Q. Do you maintain any other kinds of deposits in commercial banks, or do any other sort of business with

1070a, Exhibit 72—*Deposition of James H. Jerome*
Cross Examination

commercial banks, other than what you have just referred to?

A. None other than we have a right to borrow from them, and in years gone by we have, but I don't think we were borrowing from any of them in 1952.

Q. I think that you have testified about the general nature of your loans.

Will you state what percentage of your loans were made to individuals?

A. In 1952, it would be almost one hundred per cent of them.

Q. As I understand it, most of those loans were home loans, is that right?

A. Oh, yes.

(52) Q. Were most of them for the purpose of home purchase by the individual that became the borrowing member?

A. Now, you may not want this as a matter of record, but I will kind of summarize it, and then if you wish it, I can pick it up for you.

(Then followed a short discussion off the record.)

Mr. Van Zile: Let it be stipulated at this point reference was being made by Mr. Jerome to the monthly reports by his Association to the Secretary of State, specifically the monthly reports being made during the year 1952.

Mr. Dexter: Yes, that is right.

Q. (By Mr. Dexter, continuing): Mr. Jerome, as I understand it from the discussion off the record, your monthly reports to the Secretary of State would indicate the answer to my previous question?

A. Yes, sir.

Q. Now, do you have the answer about the place, or the banks that you did business with, during the year 1952?

Exhibit 72—Deposition of James H. Jerome 1071a.

Cross Examination

A. Yes.

Q. Will you please state what those banks were, and the nature of the business?

A. The Second National Bank & Trust Company; the Federal Home Loan (53) Bank of Indianapolis; the Chase National Bank, then, of New York; and then I have got to try and find just what these "CD's" were, if you want that.

Q. Well, you can just speculate. Do you believe it was in the Michigan National Bank?

A. Well, it was either the Michigan National, or the Second National, one of the two.

Q. Of Saginaw?

A. That is right.

Q. O. K.

Do you loan any money to finance companies?

A. No, sir.

Q. Do you loan money secured by chattel mortgages on automobiles?

A. No, sir.

(The witness answered the telephone and talked.)

A. It was in the Michigan National.

Q. Then, we can have the record show that the "CD's" of \$100,000, in 1952, were in the Michigan National Bank of Saginaw?

A. That is right.

Q. Is that right, Mr. Jerome?

A. Yes, sir.

Q. Mr. Jerome, do you secure your loans by accepting shares of stock as collateral?

A. Do you mean our own investment shares?

(54) Q. Do you loan people money by taking their shares of stock as collateral?

A. Their shares with us?

1072a Exhibit 72--*Deposition of James H. Jerome*
Cross Examination

Q. Yes?

A. Yes.

Q. How about shares of stock, generally other than the membership shares?

A. No; we are not permitted to do that.

Q. Do you secure your loans by accepting bills of lading, Mr. Jerome?

A. No, sir.

Q. Or fungible goods?

A. No, sir.

Q. Do you secure your loans by assignments of accounts receivable?

A. No, sir.

Q. As I understand it, then, your loans primarily are on first mortgages, or on the members'—the member-shareholders' interest in your association?

A. The only other is the right, under the Michigan law, to make Title 1 and FHA loans.

Q. Do you make any unsecured loans on the strength of a borrower's financial statement?

A. None other than the Title 1 loans.

Q. Do you have any idea what is the average amount of the loans that (55) you make?

Mr. Van Zile: I think we can figure that out from the reports.

Q. (By Mr. Dexter, continuing): Then, as I understand it, Mr. Jerome, the answer to my last question can be obtained from the monthly reports that you file with the Savings and Loan Division of the Secretary of State's office?

A. Yes, sir.

Q. Do you make any "straight mortgage" loans?

A. No.

Q. Do you make any "open-end" type of loans?

A. Yes, the so-called "open-end".

Exhibit 72—Deposition of James H. Jerome 1073a
Cross Examination

Q. Do you have a maximum that you go to in reference to the "open-end" type of loans?

A. The recorded amount of the mortgage, the amount existing in the mortgage.

Q. What provisions are made in your mortgages concerning prepayment?

A. They have the right of prepayment at any time, in any amount. We do, however, according to our understanding, have the right to require prepayment in multiples of the monthly payment, but we do not exercise it. That was simply incorporated in case we ran into a certain type of accounting system, so that we could then put our older operators on that accounting plan, (56) and we did that for a long time, but we have never insisted on it.

Q. Do you consider your prepayment provisions any more or less liberal than prepayment clauses used in bank mortgages in this area?

A. Well, frankly, I don't know the prepayment clauses in bank mortgages.

Maybe I better state this off the record.

(Then followed a short discussion off the record.)

Q. (By Mr. Dexter, continuing): Do you sell or assign any of your mortgages?

A. We never have.

Q. Once the mortgage and the mortgage note are signed, how are the funds then made available to the borrower?

A. Would you repeat that question?

Q. Once the mortgage and the mortgage note are signed, how are the funds then made available to the borrower?

A. Do you want the technical answer, that is, the instrument that is used?

1074a Exhibit 72—Deposition of James H. Jerome
Cross Examination

Q. Do you ever make the funds available by drawing a draft on your commercial bank account, for example?

A. No. We draw on our checking account. You said "draft"?

Q. Yes.

(57) A. Maybe you and I are talking about a different thing.

Q. Well—

A. We issue our own checks to the individual for the amount he is to receive; they are drawn on our bank account, but they are not, in our judgment, a draft.

Q. Oh, I understand.

A. Yes.

Q. In other words, you use the regular commercial checking account to pay the money to your borrowers?

A. Yes.

Q. Do you charge the full rate permitted for servicing VA and FHA mortgages?

A. You mean, in 1952?

Q. Yes.

A. I will say that we do now, but I am trying to think whether we did in 1952. I think I will answer that question, unless you want me to check it, or, to look it up, take time to look it up, yes, that we charged the amount permissible.

Q. You realize, Mr. Jerome, that we are discussing only the calendar year of 1952?

A. Yes.

Q. Do you know what the situation was at that time, of the mortgage money market, in the area that you do business in?

A. You mean, was it tight, liberal, or—?

(58) Q. Yes.

Exhibit 72—Deposition of James H. Jerome 1075a
Cross Examination

A. Oh, it was liberal, as far as we were concerned, in this area here, as near as I can recall.

Q. Did the demand for mortgage money on homes exceed that which could be supplied by your Association?

A. No.

Q. And other building and loan associations, and banks?

A. No. I think that is demonstrated by our obligation to the Federal Home Loan Bank, which runs us only \$700,000. If we were in a depression, we would be owing far more than that.

Now, frankly, it will vary with the institutions in the community.

Now, there is an example of that here in 1951, if you will look at your 1952 statement, our advances to the Federal Home Loan Bank, I think you said were seven hundred or six hundred thousand?

Q. Seven hundred thousand.

A. On December 31, 1951, it was a million six hundred and fifty thousand; so that meant that you would not say you would call that a tight money market.

Q. Now, Mr. Jerome, I realize that you have touched upon this question a little bit, but could you describe the nature and extent of governmental supervision, and the National agency that supervises you?

(59) A. In a State chartered institution, we are subject to two separate supervisions, and, while they work together, they are separate identities. The primary supervision responsibility lies with the Savings and Loan Division of the State Department of the State of Michigan.

Q. Do you mean the Secretary of State?

1076a Exhibit 72—Deposition of James H. Jerome
Cross Examination

A. The Secretary of State. They also work with, and audit with the auditing group of the Federal Savings and Loan Insurance Corporation; it is a joint audit; and we receive our basic supervision from the Secretary of State's office, and a supplemental supervision from the Federal Savings and Loan Insurance Corporation, in relation to their rules and regulations.

Q. Generally, what is the type of that regulation?

A. Well, the regulations are that under State operation, we must conform with the State law, and our accounting must be correct and in balance. Under the Federal supervision, we must conform with the rules and regulations of the Federal Savings and Loan Insurance Corporation.

Q. Is your Association a member of the Federal Reserve System?

A. No, sir.

Q. Are you a member of the Federal Deposit Insurance Corporation?

A. No, sir.

Q. Are you permitted to borrow from the Federal Reserve System?

(60) A. No, sir.

Q. I understand, from your previous testimony, that you are a member of the Federal Home Loan Bank of Indianapolis?

A. That is correct.

Q. What Agency of the Government insures your stockholders?

A. The Federal Savings and Loan Insurance Corporation.

Q. Do your By-Laws state the provisions relative to paying off your shareholders, or investors, in the event of emergency, or insolvency?

Exhibit 72—Deposition of James H. Jerome 1077a
Cross Examination

Mr. Van Zile: I am willing to stipulate that whatever the by-laws show, they show.

Mr. Dexter: Also, this would be subject to the By-Laws, would it not?

A. This has reference to the Michigan law on withdrawals, relative to Savings and Loan Associations?

Mr. Dexter: That was Act 50 of the Public Acts of 1869?

A. No; 1887, Book No. 50.

Q. (By Mr. Dexter, continuing): Also, it would be subject, would it not to the rules and regulations of the Federal Savings and Loan Insurance Association?

A. Yes.

Q. Do you have copies of those rules and regulations, perchance?

A. Well, physically I have not, but the Michigan law does set up a (61) system of withdrawal manners in the event an association elects to go on a stipulated withdrawal notice.

Q. Mr. Jerome, do you know whether or not your reports to the Secretary of State would indicate your tax payments, on your earnings?

A. Are you talking about tax payments to the State of Michigan?

Q. The State of Michigan, or the Federal Government, the total tax payments?

A. The real estate taxes?

Q. Yes.

A. No; there is nothing on the record that calls for that, that I see.

Q. Would that type of information be indicated in any other reports that the State would have, Mr. Jerome?

1078a Exhibit 72—Deposition of James H. Jerome
Re-direct Examination

A. Yes; the audit-reports of the State of Michigan would indicate that.

Q. I will ask you if you do any of the following:
Issue letters of credit?

A. No.

Q. Issue travelers checks?

A. Yes; the American Express.

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(63) *Re-direct Examination*

By Mr. Van Zile:

Q. Your investments in shares, are they largely by individuals? You said "Yes," did you not?

A. Yes, sir.

Q. But you do accept investments from other than individuals, I take it?

A. Yes.

Q. Do you have any idea what the percentage of that was, by other than individuals in 1952?

(64) A. Well, in 1952 it would have been almost nil; it would be very low.

Q. How about borrowings, are borrowings made by people other than individuals?

A. In 1952, no, no.

Q. You have no rule against borrowing by other than individuals?

A. No, not now.

Q. Did you then in 1952?

A. May I be off the record until I talk to Mr. Lamson?

Mr. Van Zile: Certainly.

(The witness then talked to Mr. Lamson, off the record.)

Exhibit 72—Deposition of James H. Jerome 1079a
Re-direct Examination

Q. (By Mr. Van Zile, continuing): Have you refinanced mortgage loans, where there was an outstanding loan from a bank?

A. Oh, yes, sure. They have refinanced ours, too.

Q. I am sure they have.

Now, on your advertising, which we discussed generally; can you tell me, in point of time, how often this appeared, was it daily, weekly, monthly, or what?

A. Generally, our advertising in the newspaper is three times a week.

Q. You are also on the radio?

A. On radio, on one station, we have a news broadcast every day; and on the other station every other day; and then I think (65) there is one that we have a couple of times a week.

Q. Do you record all of your real estate mortgages?

A. Yes, sir.

Mr. Van Zile: That is all I have.

Mr. Dexter: I have nothing further.

Mr. Van Zile: We waived signature, did we not?

Mr. Dexter: Yes.

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EXHIBIT 73

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(1) The deposition of George L. Young, a witness on behalf of the plaintiff, taken before Antoinette Duda, a Notary Public in and for the County of Kent and State of Michigan, at the offices of the Grand Rapids Mutual Federal Savings and Loan Association, 201 Monroe Avenue, N. W., Grand Rapids, Michigan, on August 14, 1956, at 1:30 o'clock p. m., pursuant to stipulation and agreement of counsel.

Appearances: Butzel, Eaman, Long, Gust & Kennedy (Detroit, Michigan), by Mr. Philip T. Van Zile, and Mr. Laurent K. Varnum, Grand Rapids, Michigan, appeared on behalf of the plaintiff and the plaintiff intervenors; Mr. William D. Dexter, Assistant Attorney General, appeared on behalf of the defendants; Dickinson, Wright, Davis, McKean & Cudlip, (Detroit, Michigan), by Messrs. William B. Cudlip, Gerald Warren, and T. Donald Wade, appeared on behalf of the defendant intervenors.

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(2) Mr. Dexter: Let the record show that the defendants object to this whole line of testimony to be obtained from the deposition of Mr. Young as being immaterial and irrelevant in this matter. I think it is fair to state, also that it is agreeable with counsel that that objection will obtain throughout this whole deposition, without repeating it after any particular questioning?

Mr. Van Zile: Yes.

Mr. Cudlip: Mr. Van Zile, does that apply to defendant intervenors, too?

Mr. Van Zile: Yes.

Exhibit 73—Deposition of George L. Young 1081a
Direct Examination

Mr. Cudlip: The defendant intervenors adopt the same position as defendants adopt.

Mr. Dexter: All the parties to this cause agree that any objections that they have to the admissibility of any of the evidence will be really saved.

Mr. Van Zile: Yes, that is correct.

(3) YOUNG GEORGE L., a witness produced on behalf of the plaintiff, being first duly sworn, was examined and testified as follows:

Direct Examination

By Mr. Van Zile:

Q. Will you state your full name, please, Mr. Young?

A. George L. Young.

Q. And where do you live?

A. East Grand Rapids.

Q. Your deposition is being taken pursuant to a subpoena served upon you, is that correct?

A. Yes, sir.

Q. What is your position with the Grand Rapids Mutual Federal Savings and Loan Association?

A. I am the President.

Q. Are you also a director?

A. Yes, sir.

Q. How long have you been President and director of that association?

A. Well, they were not concurrent. I think I have been a director since about 1939, and President since the latter part of '49.

Q. And how long have you been employed by the Grand Rapids Mutual Federal Savings and Loan Association?

1082a Exhibit 73—Deposition of George L. Young
Direct Examination

(4) A. Thirty years.

Q. How long is that, sir?

A. Thirty years.

Q. Where is the association located?

A. Grand Rapids, Michigan.

Q. At what address?

A. 201 Monroe Avenue, Northwest.

Q. And how long has it been located there?

A. It has been in this location since 1925.

Q. Was it located elsewhere in Grand Rapids prior to that time?

A. Yes. Immediately prior to that, it was in what was called the Widdicomb Building. I can't tell you just how many years it was located there.

Q. Now, your association is a Federal association, is that right?

A. Currently, yes, sir.

Q. Organized under the Federal Home Loan Act?

A. Yes, sir.

Q. When was it so organized?

A. We were originally organized and chartered under state charter in 1888, and we relinquished that charter for a Federal charter in 1938.

Q. So that since 1938 you have been a Federal association, is that correct?

(5) A. Yes, sir.

Q. Does your association have any branches?

A. We do not.

Q. It just has the one office?

A. Yes, sir.

Q. Located where you just told us, is that right?

A. Yes, sir.

Q. In what general area does your association do business?

Exhibit 73—Deposition of George L. Young 1983a
Direct Examination

A. Our lending area is confined to what we consider Greater Grand Rapids.

Q. Does that include any cities other than Grand Rapids?

A. Yes; we loan in Grandville, for example; East Grand Rapids.

Q. How about the locations, geographically, of your members; that is, the people who own your shares?

A. Primarily in Grand Rapids, although we have money from throughout the State of Michigan and from several other states, many other states.

Q. Is there a large percentage of your shareholders that are located outside of the Grand Rapids area?

A. I would say percentage-wise not large.

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(6) Q. I will hand you Plaintiff's Exhibit 1, and ask you to identify that, please?

A. This is the passbook issued to savings account holders.

Q. And Exhibit 2?

A. Is the passbook issued to mortgage borrowers.

Q. And Exhibit 3?

A. Copy of our Charter and By-laws.

Q. Now, Exhibit 3, Mr. Young, is your Charter and By-laws. Those prescribe the conditions under which your association operates, is that right?

A. Yes, sir.

Q. And were these Charter and By-laws the same in 1952?

A. Yes.

Q. How does your association obtain its capital?

A. Through the accumulation of savings of our members.

1084a Exhibit 73—Deposition of George L. Young
Direct Examination

Q. And how are your shareholders' or members' rights (7) represented? Are they represented by stock certificate, or otherwise?

A. They are represented by a certificate of membership.

Q. Is that certificate of membership contained in the savings book, Exhibit 1, or 2, or is it a separate document?

A. Exhibit 1 is the savings book, and that does contain the membership certificate.

Q. Do the members get any other type of certificate representing their interest in the association?

A. No. We do issue certificates not in passbook form, which are essentially the same.

Q. That is a separate document?

A. Yes, sir.

Q. Is it of the same type as the certificate contained in the passbook?

A. Yes, sir.

Q. Except that it is separate?

A. Yes, sir.

Q. How many types of shareholders do you have in your association?

A. Really only one; or perhaps, when you say "type", we have savings account holders and we have borrowing members, so there would perhaps be two types.

Q. Other than those two, though, there are no other types?

(8) A. There are no others.

Q. Now, how much must be invested or deposited to open an account and to obtain a membership?

A. I ask that you not use the word "deposit", Mr. Van Zile.

Exhibit 73—Deposition of George L. Young 1085a
Direct Examination

Q. All right. Can I ask how much must be invested?

A. \$1.00.

Q. \$1.00, and anything more than \$1.00?

A. And more than \$1.00.

Q. Must the investment be in any specific multiples, like \$50.00, \$100.00, or anything like that?

A. No.

Q. It can be in any amount a person wishes to invest, is that right?

A. Yes, sir.

Q. Are investments accepted at any particular time?

A. Any time.

Q. Now, I have also asked you, Mr. Young, if you would procure copies of your financial statements for the period ending December 31, 1951, and December 31, 1952.

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(9) Q. Now, I will show you what the reporter has marked Plaintiff's Exhibit 4, and ask you what that is?

A. This is our financial statement as of December 31, 1951.

Q. And that correctly represents the assets of your association as of that date?

A. Yes, sir.

Q. I will show you Plaintiff's Exhibit 5 and ask you to identify that.

A. This is the financial statement as of December 31, 1952.

Q. And does that correctly represent your condition as of that date?

A. Yes, sir.

Q. Were both of these reports published?

A. Yes, sir.

Q. I wonder, in the description of liabilities on both statements, I notice the term "Savings Accounts." Does that consist of investments of your shareholders?

A. Yes.

1086a *Exhibit 73—Deposition of George L. Young*
Direct Examination

Q. Is that what that is meant to describe?

A. Yes, sir.

Q. And that, so far as each shareholder is concerned, would be reflected in their savings books, Exhibit 1, is that right?

(10) A. Yes, sir.

Q. Then, I notice on both statements under assets, three items, First Mortgage Loans, Loans on Savings Accounts, Properties Sold on Contract. Do those figures represent the indebtedness due from the various borrowing members?

A. Yes, sir.

Q. Would that be reflected in Plaintiff's Exhibit 2, the borrowing member's or mortgage book?

A. Well, the first item would be in that form of book.

Q. Yes?

A. The others would not.

Q. I see. Just the first mortgage loans?

A. Yes.

Q. Could you give me the number of savings members that you had as of December 31, 1951, and December 31, 1952?

A. December 31, 1951, we had a total of 5745 savings account holders.

Q. Do you have the number for 1952, Mr. Young?

A. Yes. At the end of 1952, there were 6099.

Q. Could you tell me what the difference between your shares and those of a commercial corporation are?

A. It is difficult to make a comparison of our account holders and those of a typical corporation, but I think that the Michigan Legislature, the United States Congress, various court decisions, have recognized that our savings accounts (11) more closely approximate a bank deposit than they do a typical corporate share of stock.

Exhibit 73—Deposition of George L. Young 1087a
Direct Examination

Q. That is, of a savings account deposit, or a commercial account?

A. The savings account deposit.

Q. Now, turning to your members, again, could you tell us whether your savings members come from any particular economic class in Grand Rapids and outside of Grand Rapids? By that, do they come from any particular income class: high income, middle income, low income?

A. I would say that they are a cross section of all income levels. Obviously, those of a middle income or higher income have more money to save.

Q. But all classes are then represented in your savings memberships?

A. I would say so.

Q. Now, turning to the withdrawal rights for savings members, are there any conditions normally imposed by your association on the withdrawal of funds invested?

A. No, sir.

Q. And dividends: How are dividends on your shares determined?

A. They are determined out of earnings, declared by the directors of the association.

Q. What particular factors, if any do you take into (12) consideration in determining what the dividend rate will be?

A. Well, the income of the association would be the dominant factor.

Q. Anything else?

A. Provision for operating expenses and additions to reserves and surplus.

Q. Now, after the dividends are declared, how are they paid?

1088a Exhibit 73—Deposition of George L. Young
Direct Examination

A. On the passbook accounts they are added to the balance, and compounded if they are not withdrawn. On the certificate accounts, they are mailed to the owner.

Q. That is, in the form of a check?

A. In the form of a check.

Q. May the dividends be taken in cash or credited to the savings account at the option of the member?

A. Yes; I said they are added to the account unless withdrawn. They may be withdrawn if the owner chooses.

Q. Now, what was the dividend rate in 1952, Mr. Young?

A. Two and a half per cent, payable one and a quarter per cent on June 30, and one and a quarter on December 31.

Q. If a savings account is withdrawn before the dividend payment period, do you pay any accrued—

A. No, sir.

Q. —interest, or, I should say, dividend?

A. No, not on the amount withdrawn.

(13) Q. Now, do you loan only to members?

A. Yes, sir.

Q. What procedure do you follow when a person seeks a loan from you, from your association?

A. He gives us the information required on our application for loan form, which includes location of the property, purpose of the loan, personal financial statement.

Q. I wonder if we might have a copy of that form before we leave, Mr. Young?

A. I'll be glad to give you one.

Q. I would like to make it a part of this deposition. Do you investigate the financial responsibility of the borrower before you grant him a loan?

Exhibit 73—Deposition of George L. Young 1089a
Direct Examination

A. Yes, sir.

Q. What types of collateral are taken for your loans?

A. Primarily, residential real estate.

Q. I notice on both of your statements, Exhibits 4 and 5, that you have a figure for loans on savings accounts. Would you explain what that sort of a loan is, Mr. Young?

A. A savings account holder may borrow against the value of his account, balance of his account.

Q. And what is the form of the obligation? Is it in the form of a note or—

A. In the form of a note.

(A document was handed to counsel by the witness.)

(14) Mr. Van Zile: Would you mark this as Exhibit 6.

(The document referred to was marked Plaintiff's Exhibit 6 for identification.)

Q. I now show you what we have had marked Plaintiff's Exhibit 6, and ask you what that is?

A. This is an application for loan, mortgage loan.

Q. And that is the form which you have just referred to?

A. Yes, sir.

Q. And that is the form that you have your borrowers fill in, is that right?

A. Among others. He also signs an application for membership form.

(A document was marked Plaintiff's Exhibit 7 for identification.)

Q. I show you Plaintiff's Exhibit 7 and ask you what that is?

A. This is a borrower's application for membership form.

1090a Exhibit 73—Deposition of George L. Young
Direct Examination

Q. So that he fills in that, in addition to the application for loan, Exhibit 6, is that right?

A. Before the loan is granted, yes, sir.

Q. And were these forms in use in 1952?

A. Yes.

Q. I would like to ask you whether you have any savings account members or borrowing members other than individuals?

A. Yes.

(15) Q. What would they be?

A. Corporation, trustees, partnerships.

Q. And are they both savings members and borrowing members?

A. Both.

Q. There are people—

A. May be either.

Q. I see; those that fall in both categories that are partnerships, corporations, trustees, and the like?

A. Yes.

Q. I see. That was true in 1952, I take it?

A. Yes.

Q. Now, on these two statements, Exhibits 4 and 5, I also notice an asset described as Properties Sold on Land Contract. Would you describe what those assets consist of?

A. Those are properties to which the association held title, which were subject to land contract sale.

Q. What types of properties were they?

A. Residential, I think, exclusively.

Q. Do you make any loans without collateral?

A. We do not.

Q. I might say that I am addressing these questions primarily to 1952. If there is any difference in that year, would you indicate it in your answers to the questions?

Exhibit 73—Deposition of George L. Young 1091a
Direct Examination

A. Yes.

(16) Q. Now, on both statements under assets are First Mortgage Loans. Are these the loans for which the borrower has to make out the application for loan and the application for membership, Exhibits 6 and 7?

A. Yes.

Q. On what types of property are these loans made?

A. I think I have said, primarily residential real estate.

Q. And do you also make some loans on commercial property?

A. Very infrequently.

Q. Could you tell us, percentage-wise, what those loans would amount to?

A. I have made some analysis of the loans closed in the year 1952, and I think that out of some 660 loans we made five that were on commercial type property.

Q. Now, do you have a record of the mortgages which you have taken during the period 1946 to 1952?

A. Say that again, please?

Q. Do you have a record of the mortgages which you took during the period 1946 to 1952, by years, in terms of numbers of mortgages per year and amounts, total amounts?

A. Yes. '46, you say?

Q. Yes.

A. It appears that in 1946 we reported a total of (17) 729 loans; total dollar amounts was \$3,073,000 and some-odd dollars. Do you want them for each of the succeeding years?

Q. If you would, please.

1092a Exhibit 73—Deposition of George L. Young
Direct Examination

A. 1947: 737; total, \$3,486,000. 1948: 659; total, \$3,074,000. 1949: 698; \$3,487,000. 1950: 866; total, \$4,503,000. The next year was, 672, \$3,723,000. 1952: 663, \$3,656,000.

Q. Thank you. Now, you say that the largest percentage of your mortgage loans are on residential property. Are your loans in that field confined to any particular class of property? By that I mean to property worth so many thousand dollars, or—

A. No.

Q. They are not restricted in any way in that sense?

A. No.

Q. For what purposes are your mortgages made?

A. Largely for purchase and construction.

Q. That is new construction?

A. New construction; also made for improvements and repair, sometimes for refinancing, other indebtedness, or a multiplicity of other purposes.

Q. Do you refinance mortgage loans where there is an outstanding loan from a bank?

A. We have. Ordinarily that would occur when the bank for one reason or another didn't desire to meet the needs of (18) the borrower.

Q. Can you tell us, percentage-wise, approximately how many of your loans are for new construction and how many for home purchase and how many for modernization? This is referring to the year 1952.

A.. For the year 1952, we made 129 loans for new construction, \$872,763. We made 325 loans for purchase, which involved \$2,162,133. We made 81 for refinancing, which could be properties originally pur-

Exhibit 73—Deposition of George L. Young 1093a
Direct Examination

chased under land contract and refinanced in mortgage loan. I do not have a breakdown of the number made for remodeling. Under our scheduling list, the remainder are under "other purposes." That would include remodeling or rehabilitation. There were 128 for \$237,243.

Q. Now, what types of mortgages do you take? Do you take FHA mortgages?

A. We do.

Q. That is, both the GI and VA?

A. We take GI, FHA, and so-called conventional.

Q. Yes. You do take the conventional type of mortgage, then?

A. The majority of our loans are conventional.

Q. Could you give us any breakdown on that, Mr. Young, for the year 1952, as to what number of mortgages were in the FHA class and what number were in the conventional class?

A. Yes, I think I can. Out of a total of 663, I think (19) I said, made in that year, 117 were FHA and they, I believe total about \$975,000. In that particular year we made only two under the VA plan; they total \$21,000. The remainder were conventional loans, and there were somewhere around two and three-quarter million—

Q. Just the difference, thank you. Do you use the open-end mortgage at all?

A. Yes, sir.

Q. For what purpose is the open-end mortgage used by you?

A. Any worthy purpose.

Q. Well, would you explain—perhaps the best way to go at it is: What is an open-end mortgage?

1094a Exhibit 73—Deposition of George L. Young
Direct Examination

A. Open-end mortgage is one that provides that an additional advance can be made under the security of the same mortgage by the signing of an additional note. In our case, we never make an advance where the total balance would exceed the original amount.

Q. Is that type of mortgage used for all of the purposes we have talked about; that is, for improvement in connection—

A. Yes, frequently for improvement.

Q. New construction? It wouldn't cover new construction, would it?

A. No; it would be a mortgage on an existing property where they desire to build a garage or add a room or storm (20) windows or many other possible things.

Q. Now, can you tell us, generally, what the terms of your conventional type mortgages are; that is, as to rate of interest, term, repayment, and so forth?

A. Most typical interest rate is five per cent. The term, up to twenty years.

Q. What would be the minimum period?

A. Well, by far the majority of our loans are made for periods in excess of ten years. Probably more than 90 or 95 per cent are for periods in excess of ten years.

Q. And what are your terms for repayment?

A. Monthly.

Q. What other charges are there in connection with such a mortgage?

A. On conventional loans we make no charge other than recording fees, abstract charges and attorney's opinion, appraisal fee. Typically, in 1952, they probably averaged \$25.00 to \$30.00 on a loan, regardless of size.

Exhibit 73—Deposition of George L. Young 1095a
Direct Examination

Q. Now, after the borrower has come to you to apply for a loan and has filled out these papers—that is, the application for membership, Exhibit 7, and the application for loan, Exhibit 6—and the loan has been approved, what else is the borrower required to do, other than repay, of course?

A. He has no further obligations.

(21) Q. What I am driving at: Is he required to invest any amount in your association?

A. No such requirement.

Q. Now, what other services does your association provide? Do you have safe deposit boxes?

A. We do not.

Q. Do you provide facilities for money orders, traveler's checks?

A. We have available, as a matter of convenience, American Express money orders and traveler's checks. We handle only a very small volume of it.

Q. Do you permit savings by mail?

A. Yes, sir.

Q. Do you have Christmas and vacation clubs?

A. We do not.

Q. Checking accounts?

A. We do not.

Q. Consumer credit loans?

A. We do not.

Q. Do you advertise?

A. Yes, to a nominal extent.

Q. Well, what do you mean by nominal? I mean, how often?

A. Oh, our advertisements are mainly newspaper, and we advertise, typically, once a week.

(22) Q. In the local paper?

A. Local paper, yes.

Q. Do you advertise by radio?

1096a Exhibit 73—Deposition of George L. Young
Direct Examination

A. We have, very rarely; probably did not at all in '52.

Q. So that in 1952 you were advertising once a week in the papers?

A. I believe that is about the extent of it.

Q. Now, in 1952, what taxes did you pay the State of Michigan?

A. Michigan intangibles tax.

Q. And what intangibles tax did you pay, or I should say—strike that. On what did you pay the intangibles tax?

A. On the aggregate of our savings accounts.

Q. At what rate?

A. Four mills, isn't it?

Q. Do you have your intangibles tax return for '52?

A. I don't have that here. I can tell you the amount of it.

Q. Do you have it with you, just as a matter of record?

A. I don't have the return here. I have the amount, if you—

Q. Would you give us the amount, then?

A. It appears that the amount paid for the year 1952 was \$6,198.51. We also, of course, paid the Michigan unemployment tax.

(23) Q. I don't care about that amount, but did you pay any other taxes other than that?

A. Not in 1952.

Q. So that the only tax that you paid the State of Michigan in 1952 other than the Michigan unemployment tax was the tax on your shares of \$6,198.51?

A. Yes.

Q. I wonder, Mr. Young, if you would be kind enough, if you have such available, to procure for us a sample of your advertising? Do you keep any clipping

Exhibit 73—Deposition of George L. Young 1097a
Cross Examination

file or anything like that, that we might have a photostat made of?

A. I doubt if I have available anything of '52.

Q. Well, was there any difference in your advertising in '52 from other years?

A. Not particularly. Naturally, there is always some change. It undoubtedly would be available through our agency.

Q. Well, if we could procure one sample of your advertising for that year, or something that is substantially similar to that, I would appreciate it.

A. I will try to procure it for you.

Q. Yes, if you can secure something similar for another year.

Mr. Van Zile: I have no further questions.

(24) *Cross Examination*

By Mr. Dexter.

Q. Mr. Young, you stated that Mutual Federal Savings and Loan Association of Grand Rapids was originally chartered by the state, is that true?

A. Yes, sir.

Q. Then, you stated that in 1938 you got a Federal charter, is that true?

A. Yes, sir.

Q. Do you know the reason for this change?

A. Oh, I think there were a number of reasons. Probably one was that in 1936 we had applied for membership in the Federal Savings and Loan Insurance Corporation to cover the insurance of our account holders, and being subject to Federal examination for that reason, it was a little more convenient to be subject to only one.

Q. Mr. Young, do you know what law you are incorporated under or chartered under?

1098a Exhibit 73—Deposition of George L. Young
Cross Examination

A. We hold the so-called Charter "K", pursuant to the provisions of Section 5 of the Home Owners' Loan Act of 1933. O

I would like to add, if I may, sir, that another reason for having changed to a Federal charter was a matter of uniformity.

Q. Would you explain that?

A. The rules and regulations under which Federals operate are somewhat more uniform than they are under state (25) legislation; or at least that was true at that time.

Q. Under what Federal agency's jurisdiction are you operating and did you operate in the year '52?

A. Federal Home Loan Bank Board.

Q. And at all times during the year '52 did you operate in accordance with their requirements?

A. Yes, sir.

Q. And in accordance with the requirements of the Home Owners' Loan Act of 1933?

A. Yes, sir.

Q. And in accordance with the charter and by-laws that have been introduced as Exhibit No. 3?

A. Yes, sir.

Q. Mr. Young, you have given some testimony in regard to the nature of your loan activity. Would it be fair to state that primarily your loans are to home owners?

A. Primarily, yes, sir.

Q. Would you state that that was primarily the purpose of the Federal Home Loan Bank system, of which you are a member?

A. Yes, sir.

Mr. Van Zile: I will object to that, on the grounds that it is a conclusion.

Mr. Cudde: Aren't all these reserved?

Exhibit 73—Deposition of George L. Young 1099a
Cross Examination

Mr. Van Zile: Well, I haven't reserved an objection.

(26) Mr. Van Zile: Perhaps it would be better if I simply reserved an objection similar to yours so I won't interrupt.

Mr. Dexter: All right.

Mr. Van Zile: I will so object to the questions propounded by the defendants' attorney and the defendant intervenors' attorney.

Q. Mr. Young, do you have any breakdown as to whether or not your loan members—for what purpose they obtained the loans?

A. Well, I have previously given you the breakdown for the year 1952, which would be typical.

Q. I mean, Mr. Young, by purpose, in addition to what you testified to, as the use put to the loan by the loan member; for example, do you know what percentage of your loans in 1952 were obtained by persons for building or improvement or financing their own homes?

A. Well, I can only tell you that 325 out of a total of 663 loans were for the purpose of purchase. That would be almost exclusively for loaner-occupant, for the purpose of buying his own home for his own family.

Q. Could you state approximately what the average size of your—strike that. Could you state the size of the majority of your loans for the year 1952?

(27) A. Well, probably the majority are in the range of \$5,000 to \$10,000, and almost wholly less than \$20,000.

Q. Mr. Young, you stated that primarily you loaned upon the basis of real estate security. Could you state for the year 1952 how much you would loan against any particular security?

1100a Exhibit 73—Deposition of George L. Young
Cross Examination

A. Our typical policy was to loan up to sixty per cent of appraised value on conventional loans. We do make a few loans that would exceed that amount; and, of course, FHA and GI loans invariably exceed that amount, by percentage.

Q. At the time that you were originally organized in 1888 and the time that you became Federalized in 1938, was there any opposition on the part of the banks in the Grand Rapids area to your organizing, to your knowledge?

A. There never has been.

Q. Have the stockholders and directors expressly authorized by resolution all types of business activity in which your association engages?

A. Yes, sir.

Q. And is it spelled out in this Plaintiff's Exhibit 3; that is, a general outline of your activity?

A. A general outline. Of course, there are rules and regulations that go beyond the charter and by-laws.

Q. But it is within this framework that you operate?

A. Yes, sir.

(28) Q. What cash reserves and deposits are you required to keep by law?

A. Currently it is set at six per cent. That, however, is distinctly a minimum, and we maintain some four times that amount.

Q. Was that true in '52?

A. Well, I don't have the exact percentage in mind as of that year, but at the close of 1952 we had cash and Government's of about \$3,600,000, as against total savings of a little less than fifteen and a half million. So that would be somewhere between 20 and 25 per cent.

Exhibit 73—Deposition of George L. Young 1101a
Cross Examination

Q. You stated that your source of capital was deposits of investors. Is that the sole source of your capital?

A. I should like to correct you, sir. I did not use the word "deposits."

I have lost your question; I am sorry.

Q. Are there any other sources of capital other than your deposit accounts for investments?

A. None other than our own reserves and surplus.

Q. Now, you indicated that your shareholders either had the savings book, marked Plaintiff's Exhibit 1, or a certificate of like nature as that contained in Plaintiff's Exhibit No. 1, as evidences of their share ownership. What is the distinction between the two?

A. Really very little. Both enjoy the same rights and (29) privileges. The difference is simply this: The book accounts are issued in any amount, and earnings are added to the balance and compounded unless withdrawn. The certificates are issued only in multiples of \$100, and on those the earnings are mailed in the form of a check. Other than that, there is no difference.

Q. What is done with your earnings and profits, your entire earnings and profits? That is, are you a purely mutual organization?

A. We are a purely mutual organization. After the payment of operating costs and allocation to reserves, the balance is distributed in the form of dividends; and actually, of course, the reserves and surplus also belong to the savings account holders.

Q. In other words, they are mutual owners of the association?

A. Correct.

Q. Do you guarantee any interest to any depositors?

1102a Exhibit 73—Deposition of George L. Young
Cross Examination

A. We do not pay interest. Our earnings are distributed in the form of a dividend, and it is not guaranteed. I might add, however, that we have never failed to pay in our sixty-eight years.

Q. Do your shareholders have any right to withdraw their investments on demand?

A. Yes, all are paid on request immediately.

(30) Q. Is there any limitation by the charter or by-laws in reference to their right to receive their investment back on demand?

A. Like every financial institution, our by-laws contain a clause that a thirty-day notice may be required, and they contain further provision in the event of an extreme emergency for requirement of a notice of intention to withdraw.

Q. What is the effect of, say, an extreme emergency where all your depositors or all of your shareholders came at once to withdraw their investments?

A. Well, of course, that is almost a non-believable situation that everyone would request withdrawal at one time. This institution, in addition to—are you referring to our ability to meet our withdrawal requests?

Q. I am referring, frankly, to the nature of your governmental relationship through the Federal Home Loan Bank and the deposit insurance that you have as a member of that system.

A. Well, will you restate your question, please?

Q. How is a shareholder to realize his investment if all your shareholders at once demanded their investments? What is the procedure that you would have to go through and they would have to go through in order to realize back their investment?

(31) A. Through our membership in the Federal Home Loan Bank System, we have readily available to us an amount equivalent to fifty per cent of the ag-

Exhibit 73—Deposition of George L. Young 1103a
Cross Examination

gregate of all the savings accounts, and that, coupled with the cash and government securities that we own, repayments on loans that are due from day to day and week to week and month to month, we would be in a position to meet every substantial demand at any given time.

Q. Mr. Young, assume that you were not liquid enough to meet that demand: What process is necessary?

A. Well, as I have indicated before, there is a requirement or provision that we can require notice of intention to withdraw.

Q. If you receive that and you still cannot meet the liquidity demand made, what is the situation?

A. It can't be beyond the notice of intention to withdraw. If you would like me to quote from the charter on that subject, it says:

"The association shall have the right to repurchase its share accounts at any time, upon application therefor and to pay to the holders thereof the repurchase value thereof. Holders of share accounts shall have the right to file with the association their written applications to repurchase their share accounts, in part or in full, at any time."

(32) Do you want me to go on with it?

Q. In other words, it is in accordance with the plan of repurchase as set forth in paragraph enumerated 12 of Plaintiff's Exhibit No. 3?

A. Correct.

Q. Where do you keep your cash?

A. We use local commercial banks and the Federal Home Loan Bank of Indianapolis, of which we are a member, as depositories.

Q. Do you do any other business in regular course with the local bank?

1104a Exhibit 73—*Deposition of George L. Young*
Cross Examination.

A. Typically not.

Q. You use them for a depository, primarily?

A. Yes.

Q. Did you or did you not state that a person must be a shareholder in order to obtain a loan?

A. He must not be an investor; need not be.

Q. Need not be an investor. Do you know what percentage of persons for the year 1952 that borrowed from your association were investors or shareholders?

A. I have no such figure.

Q. The amount would be indicated, would it not, on the items appearing on Exhibits 4 and 5 that are entitled "Loans on Savings Accounts"? Those would have to be to shareholders, would they not?

(33) A. They would be. Of course, that is a negligible item.

Q. I see. But as to any other breakdown, you would not have it, is that true?

A. No, sir.

Q. Would you describe the procedure your organization uses upon receiving an application for a loan such as this indicated by Plaintiff's Exhibit 6?

A. Yes. The application is examined as to the credit and income of the applicant; appraisal is made of the real estate offered as security. The entire application is then acted upon by the officers and the committee of the directors, and then the loan is approved or rejected, as they determine.

Q. Do you or did you loan any money for the year 1952 to finance companies?

A. No, sir.

Q. Did you state, or if you did not, do you have the figures as to what percentage of your loans are secured by mortgages on farms and residential properties, for the year 1952?

Exhibit 73—Deposition of George L. Young 1105a
Cross Examination

A. We don't deal in farm property. I indicated that in 1952 we made a total of only five loans that were on other than residential property.

.

(34) Q. These questions that I have just asked, and all of these, will pertain to the year 1952, you understand, Mr. Young?

A. I understand.

Q. Did you state that the average interest rate was around five per cent on your loans for '52?

A. On conventional loans.

Q. Conventional loans.

A. Of course, everyone knows the rate on government-insured and -guaranteed loans is somewhat less than that, fixed by statute.

Q. Do you know what the average duration of your loans (35) would be? You stated, I believe, that the majority of them are over ten years?

A. The majority are in excess of ten years, and probably more than ninety per cent of them are in excess of ten years. Probably fifty per cent, at least, run for fifteen to twenty years.

Q. What would you say the average was? At least fifteen years?

A. The average would be in excess of fifteen years.

Q. Now, how are the loans that you make amortized?

A. All of our loans are on a monthly repayment plan.

Q. Do you make any straight mortgage loans?

A. We do not.

Q. Will you describe the nature and extent of the governmental supervision that you are subjected to, and the nature of that supervision and its general purpose?

Mr. Van Zile: Which government?

1106a Exhibit 73—*Deposition of George L. Young*
Cross Examination

Mr. Dexter: Uncle Sam.

A. Federal Government?

Q. Federal Government, the Farm Loan.

A. Federal Home Loan Bank?

Q. I mean—yes, that is what I meant.

A. We receive complete examination and audit which is made on behalf of the Federal Savings and Loan Insurance Corporation, made by district examiners out of the Federal (36) Home Loan Bank of Indianapolis. We also report to those agencies monthly as to the operations of the institution.

Q. For example, Mr. Young, are your loan plans subject to supervision by the Federal Home Loan Bank?

A. Yes, indeed.

Q. Do they require you to obtain the information and to report to them as to any costs involved on the part of the borrower in obtaining a loan?

A. We are required to keep detailed records of costs charged to every borrower, and those records are examined as a part of the examination I previously referred to.

Q. What would you state was the nature or purpose of such examination and requirement?

A. In regard to loan charges?

Q. Yes.

A. Primarily so that no officer or employee or anyone connected with this institution could make any charge to a borrower for obtaining a loan through the institution.

Q. That would primarily be for the protection of whom?

Exhibit 73—Deposition of George L. Young 1107a
Cross Examination

A. Of the borrower. One of our purposes is to provide low-cost home financing plans to promote home ownership, and one of the ways to do that is to hold down the cost to the borrower.

Q. In other words, that might be considered the purpose of the Federal legislation in the first instance?

(37) A. Yes. I might quote from the charter again:

“The objects of the association are to promote thrift by providing a convenient and safe method for people to save and invest money and to provide for the sound and economical financing of homes.”
Those are the functions that we perform.

Q. And did you, in the year 1952, keep that purpose in mind in your activity?

A. We have throughout our entire history.

Q. What agency of the government, if any, insures your stockholders?

A. Our account holders are insured by the Federal Savings and Loan Insurance Corporation.

Q. Now, would you describe the difference between the insurance furnished by the Federal Deposit Insurance Corporation and that furnished by the Federal Savings and Loan Insurance Corporation?

A. They are very similar in nature.

Q. Are there any marked differences that you are aware of?

A. No, sir.

Q. What was the number of employees that you had during the year '52, approximately?

A. Well, I think I can tell you that. No, I am sorry, I do not have a record here of our employees at that time, (38) but I would say they were approximately fifteen; that is, in the operation of the association other than employees of the building.

1108a Exhibit 73—Deposition of George L. Young
Cross Examination

Q. Mr. Young, you stated that the only taxes you paid to the State of Michigan for the year 1952 were intangibles tax, is that correct?

A. Yes, sir, plus the unemployment.

Q. Plus unemployment tax. Have you received any clearance by the Michigan Department of Revenue for the 1952 tax, or been audited in reference to it?

A. No.

Q. But when you made the statement you meant to the State of Michigan, not including taxes to the local unit, is that correct?

A. That is correct.

Q. What taxes have you paid in addition to the intangibles tax and the Workmen's Compensation tax, to any unit of government other than the Federal Government?

A. Well, we pay to the City of Grand Rapids on real property taxes.

Q. Do you have that amount for the year 1952?

A. I doubt if it is indicated as a separate item, although I will check. I don't have it available here. I can get it for you if you want it.

Q. Could you get that information for us; that is, all (39) your local taxes of any kind or character whatsoever?

Mr. Van Zile: Off the record.

(Discussion off the record.)

Q. Are the Federal taxes you pay computed in the same manner as banking association taxes?

A. If my memory is correct, it was in 1952 that Federal savings and loan associations became subject to Federal income tax in the same manner as any type of corporation, with the exception that we have an exemption of up to twelve per cent of the total of our savings accounts; that is, our reserves and surplus.

Exhibit 73—Deposition of George L. Young 1109a
Cross Examination

must equal or exceed twelve per cent under some conditions. Now, that gets into quite another subject. We are subject to Federal income tax, and were in '52.

Q. And, generally, there is a difference between the way you are taxed and the way other banks are taxed, is that correct?

A. I just said there was no difference except in the method of allowances for reserves.

Q. There is a different method used there. Mr. Young, are you aware of the provisions of the Federal law creating Federal savings and loan associations with respect to their taxation by states?

A. Would you restate that, please?

Q. Are you aware of the provisions of the Federal law creating Federal savings and loan associations with respect (40) to their taxation by states?

A. My recollection is that the Federal legislation says that a Federally-chartered savings and loan association may be taxed by a state, but in an amount not to exceed state-chartered institutions of the same type.

Q. Do you have any way of knowing what the market value of your shares was in 1952?

A. Market value is always maintained at face value.

Q. It is always at face value?

A. If you would like to know our book value, it would have been about—our reserves and surplus were equivalent to about ten per cent of the total of the savings accounts.

Q. Mr. Young, some of this will be repetitions, but I would like to ask you if, for the year 1952, you did any of the following: One, issue letters of credit?

A. No, sir.

Q. Two, issue traveler's checks?

1110a Exhibit 73—Deposition of George L. Young
Cross Examination

A. We offered American Express traveler's checks.

Q. But that is the extent of it, traveler's checks?

A. We don't offer any of our own, no, sir.

Q. Purchase or sell securities on order of customers?

A. We do not.

Q. Collect notes or drafts for customers?

A. No—well, in the sense that you ask the question, I think the answer is no.

(41) Q. Mr. Young, is there any limitation on the total amount any one person may invest, or the dollar amount of any shares he may purchase?

A. There is no limitation fixed. There is a limit to (42) the number of votes that any one person could have, regardless of the size of his account. It is limited to fifty. In other words, each savings account holder is entitled to one vote for each \$100.00 or portion thereof, not to exceed fifty.

Mr. Dexter: That is all that I have, Mr. Young. Thank you very much.

Mr. Cudlip: Mr. Young, I should like to ask you a few questions.

Cross Examination (Continued)

By Mr. Cudlip:

Q. Plaintiff's Exhibits 4 and 5 are your 64th and 65th annual statements of condition for the years ended 1951 and 1952, respectively. In the year ended 1951, out of total assets of just a little over \$15,000,000 you report first mortgage loans of a little over \$12,000,000?

A. Yes, sir.

Q. Twelve-fifteenths in mortgage loans. Then, there are some relatively unimportant items, until we come to investments and securities in the amount, for 1951,

1.

Exhibit 73—Deposition of George L. Young 1111a
Cross Examination

of \$1,739,000-odd. What was the nature of those investments and securities, in general?

A. They were primarily United States Government (43) obligations. I think in that particular statement, included in that item of investments and securities is Federal Home Loan Bank stock owned, which you will notice in the other exhibit is indicated as a separate item.

Q. Then, in 1952, according to your statement issued at the end of that year, you changed the form of the statement somewhat, but your first mortgage loans are reported as being slightly in excess of \$13,000,000 out of total assets of somewhat in excess of \$17,000,000?

A. Yes, sir.

Q. And there, to restate what you have said, you have indicated what the amount of United States Government bonds held by you was at that time; namely, \$1,620,000-odd?

A. Yes, sir.

Q. Just a different form of reporting for that year as compared with the previous year?

A. That is correct.

Q. Are these savings memberships or share memberships, memberships evidenced by a share of stock as described in your Constitution and By-Laws, transferable?

A. Yes.

Q. Assignable to anybody?

A. Upon giving notice to the association, it could be assigned.

Q. Is your assent required?

(44) A. Before it is effective.

Q. Yes. What is the average interest rate, just approximately, for '52—And all my questions, Mr. Young, are directed to the year of '52 unless I indicate otherwise—on the VA and FHA loans that you indi-

1112a *Exhibit 73—Deposition of George E. Young*
Cross Examination

cate? You stated that the rate normally on the direct conventional loan is five, and you stated that for the reasons stated by you the rate on the FHA and VA is less. What would it be?

A. My recollection is that in 1952 the rate on VA loans was four per cent, and on FHA loans four and a quarter. Now, there have been some changes in those rates and I am not positive as to '52, but that is my recollection.

Q. Yes, that is all right. Are you examined or supervised directly by the Home Owners' Loan Corporation, as distinguished from your statement that you are examined out of Indianapolis, the Home Owners' Loan Bank, by their representatives for the government agency that insures the shareholders of your institution?

A. Well, the examination and audit, I believe, is for the Federal Home Loan Bank and the Federal Savings and Loan Insurance Corporation.

Q. Well, the board in Washington, the Home Owners' Loan Corporation—

A. Understand, they ~~are both~~ under the Federal Home Loan Bank Board in Washington, and it actually is for their (45) purpose.

Q. My question was: Is there a separate examination for the Home Owners' Loan Corporation as distinguished from the insurance agency, as distinguished, perhaps, from the Home Owners' Loan Bank in Indianapolis?

A. Well, sir, you use the word "Home Owners' Loan Corporation." Understand that we have nothing to do with the Home Owners' Loan Corporation, or they have nothing to do with us.

Q. Well, they chartered you?

Exhibit 73—Deposition of George L. Young 1113a
Cross Examination

A. Yes, but it happened to be under that broad act and under a certain section of it; Section 5, I believe it was. But we are supervised by the Federal Home Loan Bank Board of Washington, D. C., and the district banks, of which we happen to be a member of the Indianapolis bank.

Q. Well, all I am trying to arrive at is, how many examinations and by whom—how many examinations are made?

A. Just one.

Q. And by whom?

A. They are made by the district examiner of the Federal Home Loan Bank of Indianapolis.

Q. Is that annually?

A. It is intended to be annually. Sometimes it goes a little beyond a year; it could be a little less.

Q. You were talking, testifying, concerning taxes (46) paid by you, and it is my understanding that later on we will receive a list of the taxes paid by you to all instruments of government: Federal, state and local. But I would just like to ask you this: In addition to taxes that you said you paid, you probably paid, did you not, a personal property tax to the City of Grand Rapids?

A. No, I think not.

Q. On furniture, fixtures?

A. No, I think not.

Q. Are you exempt?

A. Apparently so.

Q. Do you pay a school district and county tax on your real estate as well as a county tax to the City of Grand Rapids?

A. Yes.

1114a Exhibit 73—Deposition of George L. Young
Cross Examination

Q. Do you pay a privilege fee to the State of Michigan in addition to the tax that the shareholders pay on their shares?

A. We currently do, although that was not true in 1952.

Q. Do you pay a Federal income tax?

A. We are subject to a Federal income tax.

Q. Well, you pay it, of course, if you are subject to it?

A. Well, if we are taxable.

Q. Yes. I take it from your statement of position that (47) you are taxable. With respect to this agency that insures the shareholders of this institution, that is known, I believe, as the Federal Savings and Loan Insurance Corporation?

A. Yes, sir.

Q. Has that entity any relationship to the Federal Deposit Insurance Corporation, which insures banks?

A. They are entirely separate corporations.

Q. Now, under your articles, by-laws, constitution, et cetera, you have the right to repurchase members' shares, is that correct?

A. Yes, sir.

Q. And if you are not able to repurchase those shares, you have the right, as I understand your contract with your shareholders, to invoke what is normally called a "take-your-turn" provision; that is to say, a right to specify what percentage you will pay out if they want their shares re-acquired; is that correct?

A. Not quite. The amount that has to be allocated toward those requests is fixed.

Q. By the—

A. By the charter and by-laws, regulations.

Exhibit 73—Deposition of George L. Young 1115a
Cross Examination

Q. But if you are unable to purchase the shares in event of an emergency, trouble, panic of some kind, does the insurance agency come into the picture then, take over the institution and pay the shareholders up to the amount of (48) \$10,000, or are there some other steps that must be taken before that happens on the part of the insuring agency?

A. Before the insurance corporation would act, the institution would have to be declared to be in default.

Q. And are you in default as long as you are applying the stipulated percentage of your receipts to the repurchase of the share accounts in the numerical order?

A. Not necessarily.

Q. Did your stockholders, at their meeting in 1952, adopt resolutions expressly authorizing the directors and officers of this institution to carry on the type of business that you have been describing in the testimony this afternoon?

A. By inference, at least, in that they—

Q. Mr. Young, I said by express resolution.

A. By resolution approving the acts of the officers and directors in the preceding year's operation.

Q. On your window you have a sign; maybe I am not quoting it correctly but it says, "Specialists in Real Estate Loans," is that correct; words to that effect?

A. I am not sure whether it says real estate loans or home loans. Something with that application.

Q. Or home loans. What message are you intending to carry to the public by that good advertisement?

A. That this is a source of home financing.

Q. And by the word "Specialist"?

(49) A. That that is our sole function as far as lending is concerned.

1116a Exhibit 73—Deposition of George L. Young
Cross Examination

Q. You spoke about the character of your obligations, real estate mortgages that you receive, and the duration of them, and the interest rate on them, et cetera. What was the situation in the real estate mortgage market here in 1952 as respects the relationship between supply of money for loans of the kind you described and the demand therefor?

A. I would say the demand could, any time in 1952, have exceeded the available supply.

Q. And in the Grand Rapids, Greater Grand Rapids, area which you referred to?

A. Yes, sir.

Q. On the balance sheets of this institution for the years '51 and '52, Exhibits of Plaintiffs marked 4 and 5, there is a reference on the liability side to savings accounts in each case. Those are the same as the share accounts as described in your charter and by-laws, are they not?

A. Yes, sir.

Q. Why don't you call them that in your published statement?

A. "Savings accounts" is probably a more readily understood term, it is approved language, and—

Q. Don't you think people understand what the word "share" means?

(50) A. Perhaps some of them do.

Q. Your loan application is Plaintiff's Exhibit 6. What is meant by the word "Deposit," "\$" after the word, "Date," in the middle of the application

A. That is for deposit of an application fee; typically, an amount sufficient to cover the cost of having an inspection made of the property.

Q. Do all Federal savings and loan associations operate under identical plans, or are there options and alternatives permitted by the charter or by the statute?

Exhibit 73—Deposition of George L. Young 1117a
Cross Examination

A. There are at least two approved charters with slight variations, essentially the same as far as charter, by-laws, rules and regulations. There are, of course, differences in operating policies within those charters.

Q. Now, as I understand it, an individual or any entity can purchase shares in this corporation, and he does not have to borrow money here if he doesn't want to; is that correct?

A. Yes, sir.

Q. And, I also understand, that I don't have to be a shareholder and yet if I pass muster I can borrow money on your conditions?

A. After becoming a member, yes, sir.

Q. Well, I am automatically a member if you approve me?

A. Yes.

(51) Q. By virtue of being a borrower?

A. Yes.

Q. Now, Mr. Van Zile asked you what the relationship was between your shares, corporation shares, and the shares of other corporations, and your answer was substantially to the effect that your shares were more akin to bank deposits.

Do you regard all these people that own shares of this institution as creditors of this institution?

A. They are the only people to whom the institution has an obligation.

Q. As a debtor?

A. They are actually members under the law. I said that it was closer to a bank deposit than it is to a typical corporate share.

Q. Would you agree that a bank regards a depositor as a creditor and itself as a debtor?

A. Yes.

1118a *Exhibit 73—Deposition of George L. Young*
Cross Examination

Q. Do you regard yourself as a debtor and all of these shareholders as creditors of this institution?

A. We feel a very definite obligation to return their money when they want it.

Q. As shareholders or as creditors?

A. Technically, they are shareholders.

Q. Well, actually, are they not shareholders?

A. Yes, sir.

(52) Q. What was your answer?

A. Yes.

Q. And not creditors?

A. Correct.

Q. Your well-drawn by-laws and articles provide, among other things, that the shares can be redeemed; do they not so provide?

A. Yes, sir.

Q. And they also provide that the shares can be repurchased by the institution; is that correct?

A. Yes, sir.

Q. They also provide for a bonus and a bonus reserve. Would you briefly describe what that means with reference to these shareholders?

A. Well, we have never used that provision in this institution. I think the intent is that there can be an arrangement where accounts that are left for a given period of time can be paid a rate different than holders of a shorter duration.

Q. Sort of an incentive plan?

A. Yes. As I said, we do not use it.

Q. A borrower here has a vote to some extent just like an owner of shares, is that correct?

A. Yes, sir.

Q. What is the ratio as between the two in voting
(53) power per dollar?

Exhibit 73—Deposition of George L. Young 1119a
Cross Examination

A. A borrower has one vote. I previously stated that the holder of a savings account can have one vote for each hundred dollars or part thereof not to exceed a total of fifty votes.

Q. This institution is limited in its outside borrowing power, is it not?

A. Limited?

Q. Limited as to the amount it can borrow outside, from banks or others?

A. I know of no limitation.

Q. Can you borrow an unlimited amount of money on the outside, assuming you could get it?

A. Well, because we are not interested in borrowing money, I don't have in mind just what the provision is on that subject. We are not borrowers of any money.

Q. I was referring to Paragraph 8 of your charter. If I read it correctly, you have the power to obtain advances of not more than an amount equal to one-half of your share capital on the date of the advance?

A. Well, I was familiar with that provision, and I see in reading on in that, that it does state that from other sources in an amount not to exceed ten per cent.

Q. Yes; I didn't mean to just read part of it. I was just talking about the general principle of some limitations.

(54) A. Yes, there is a limitation.

Q. Now, your contract with the shareholder is contained in the charter and by-laws? It may be expressed in other places, but this is the contract?

A. Yes.

Q. And it speaks, of course, about his rights and duties and your rights and duties. It is true, is it not, that the contract does impose numerous conditions or conditions, at least, on the withdrawal of shares; that

1120a Exhibit 73—Deposition of George L. Young
Cross Examination

is, on the return of money to a stockholder? He just can't come in arbitrarily and get his money at all times without rights on your part to say no if you choose to under certain conditions?

A. I think that is true of all types of savings accounts in all types of financial institutions.

Q. Well, when you say "financial institutions," are you referring to a commercial deposit in a commercial bank?

A. I said all types of savings accounts in all types of savings institutions. Savings accounts in a commercial bank are subject to some—

Q. Are you sure of that?

A. I think that is typically true, yes, sir.

Q. But are you willing to swear that that is the case in every instance?

A. I wouldn't be willing to say in every one, no.

Q. Do you have the legal power to sell money orders, (55) American Express or Mellon or any other kind?

A. I think that that has been authorized, to sell money orders, as incidental to the business. It has been approved by Federal Home Loan Bank regulation.

Q. Would you just describe briefly the purpose of the Home Owners' Loan Bank; and I believe our branch in this district is at Indianapolis and you are a member of it, you stated?

A. Yes, sir. The purpose of it?

Q. Just tell us, briefly, the nature, the reason for it, and its function.

A. The Federal Home Loan Bank acts as a reserve credit bank.

Q. I am sorry; go ahead, sir. I am listening.

A. The Federal Home Loan Bank is a reserve credit bank, yet acts as a depository for cash of its members.

Exhibit 73—Deposition of George L. Young 1121a
Re-direct Examination

It also makes advances to its members on their note, either secured or unsecured, as the bank determines.

Q. Would it be fair to say that that system parallels the Federal Reserve System for the members thereof, which are state and national banks?

A. To a great degree.

Mr. Cudlip: That is all from me.

Mr. Van Zile: May I ask a couple of questions.

Mr. Cudlip: Are these exhibits offered?

(56) Mr. Van Zile: They will be offered with the deposition.

(Further discussion off the record.)

Re-direct Examination

By Mr. Van Zile:

Q. Now, as I understand it, Mr. Young, customarily, I believe you said, in your entire experience with the association, your savings account holders who are members, have been permitted to withdraw upon demand; is that right?

A. Almost without exception. There was a period at the time of the banking holiday when the notice was invoked.

Q. But except for that period, they have been permitted to withdraw upon demand?

A. Yes, sir.

Q. And the amount that they are paid upon demand, as I understand it, is the amount shown in their pass-book or account book?

A. Credited to their account, yes.

Q. That is, the amount they have invested plus the earnings credited?

A. Credited earnings, yes, sir.

Q. As I understand it, the only difference between the separate savings certificate and the one that appears

1122a Exhibit 73—Deposition of George L. Young
Re-direct Examination

in the account book is that the separate savings certificate (57) is in multiples of a hundred and the dividends are forwarded to the shareholder by mail?

A. Yes, sir.

Q. Other than that, they are identical?

A. Yes.

Q. Now, you said in answer to Mr. Dexter's question that on occasions you—strike that.

In answer to Mr. Dexter's question when he asked you whether you collected notes and drafts for customers, you said something—I think you said, "In some sense we do, but normally not"?

A. I think I said in the sense that I thought he was asking the question, we did not. I was mindful of the fact that we do have some land contracts left with us which we collect for our borrowers, typically.

Q. I see.

A. When they have resold the property under a land contract they sometimes have the land contract purchaser bring his money here for credit to the contract and mortgage.

Q. All right. Now, do you always record your real estate mortgages?

A. Yes, sir.

Q. And do the mortgages so recorded reflect the amount of the loan?

A. Yes.

(58) Q. Do you permit your shareholders to vote by proxy?

A. They may.

Q. Do they usually?

A. Usually they do not.

Q. Are you a member of the Grand Rapids Clearing House?

Exhibit 73—Deposition of George L. Young 1123a
Re-cross Examination

A. We are not.

Q. Do your customers deposit checks with you, checks drawn on other institutions?

A: Yes, we use the commercial bank in the same way anyone else does.

Q. In other words, you accept the deposit and take it to the bank for collection?

A. For credit to our account.

Q. For credit to your account?

A. Yes.

Q. And the bank, in turn, collects it?

A. That is right.

Q. Could I ask you one other thing while you have your records there, Mr. Young. Do you happen to know what your savings accounts totaled in 1946? Do you have that figure available there?

A. Yes. 1946, the amount was \$8,267,241.13.

Mr. Van Zile: Thank you. I have no further questions.

Mr. Dexter: May I, with Mr. Van Zile's permission, (59) ask a couple questions.

Re-cross Examination

By Mr. Dexter:

Q. I was wondering, Mr. Young: You stated in reference to your shareholders that it included all classes of people as far as economic strata is concerned. Do you know what the circumstance is in reference to your borrowers? Generally, what class of people do you deal with as far as their economics?

A. People of good moral character.

Q. But as far as their economic position, are you dealing with a certain group of people, primarily?

1124a Exhibit 73—Deposition of George L. Young
Re-cross Examination

A. No, we deal with the general public.

Q. What do you believe attracts people to your doors for these home mortgages?

A. Services, favorable terms.

Q. What do you mean by "favorable terms"?

A. You are speaking now of the borrowers?

Q. Borrowers, yes, sir.

A. Our mortgages are written on favorable terms as to initial cost, as to length of maturity, as to interest rate, as to repayment privileges.

Q. You make those statements in reference to the conditions that might be present if they were trying to obtain, (60) say, a home loan from some other institution?

A. Yes.

Q. Generally, was there, to your knowledge, for the year '52, any difference in terms of your loan value as to market value of real estate, for example, and that of other institutions that might loan money on the same type of property?

A. The question was as to value of the property?

Q. Yes, the amount of loan as to the value of the property.

A. I would say that we are more conservative than some. Perhaps there are others who are more conservative than we. There are differences, of course, in individual cases, perhaps; a person's view of the value of a given piece of real estate.

Q. Then, you would say that there was probably no established policy difference between your organization and other financial institutions in regard to the amount that they would loan on a piece of real estate for the year '52?

Exhibit 73—Deposition of George L. Young 1125a
Re-cross Examination

A. If you are leading to the question of whether we would outbid other lenders, the answer would be definitely no.

.

(61) *Re-cross Examination (continued)*

By Mr. Cudlip:

Q. During the year '52, Mr. Young, did you always exact the maximum rates and charges that you might have legally exacted on your FHA and VA Program loans?

A. Maximum rates and charges?

Q. Yes, the maximum permissible rates and charges on those two types of loans. Did you always exact them?

A. No, I would say that we did not exact the maximums.

Q. Was that because of policies dictated by the competitive nature of your business?

A. No. It is a little difficult to recall '52. Under either of those programs, the lender is entitled to charge a one per cent service fee on existing property, and a two-and-a-half per cent fee on a construction loan under those loan programs. There was a time—and I don't recall '52—when we did not charge either of those. I would be inclined to think that in '52 we were charging the one per cent, but we never did charge the two-and-a-half on construction loans.

Q. Do you employ solicitors to obtain business for you?

A. We do not.

Q. Do you sell your mortgages to other financial institutions?

A. We never have sold a mortgage in our history.

(62) Q. Do you act as agent for servicing mortgages for other institutions?

A. We do not.

EXHIBIT 73-E

65th ANNUAL STATEMENT OF CONDITION

Grand Rapids Mutual Federal Savings and Loan
Association

Grand Rapids, Michigan

December 31, 1952

Assets

Cash on Hand and in Banks.....	\$ 1,943,926.17
United States Government Bonds.....	1,620,762.50
Stock in Federal Home Loan Bank.....	300,000.00
First Mortgage Loans.....	13,180,745.45
Loans on Savings Accounts.....	15,251.98
Properties Sold on Land Contract.....	57,009.06
Office Building and Equipment (Less Depreciation)	175,955.21
Deferred Charges and Other Assets....	1,343.20
Total Assets	\$17,294,993.57

Liabilities

Savings Accounts	\$15,496,286.43
Loans in Process.....	160,730.44
Other Liabilities	63,822.55
Specific Reserves	18,758.10
General Reserves	\$801,863.24
Surplus	753,532.81
	1,555,396.05

Total Liabilities \$17,294,993.57

EXHIBIT 75-A

60th ANNUAL STATEMENT OF CONDITION

Grand Rapids Mutual Federal Savings and Loan
Association

Grand Rapids, Michigan

December 31, 1947

Assets

First Mortgage Loans.....	\$6,552,436.60
Loans on Passbooks and Certificates....	9,084.55
Other Loans	5.00
Properties Sold on Contract	379,332.52
Real Estate Owned	6.00
Stock in Federal Home Loan Bank.....	200,000.00
United States Government Securities....	2,395,557.03
Cash on Hand and in Banks.....	217,495.57
Office Building and Equipment, Less Depreciation	193,201.00
Furniture and Fixtures	1.00
Other Assets	80.00
	<hr/>
	\$9,947,199.27

Liabilities

Members' Share Accounts.....	\$8,716,066.63
Advances from Federal Home Loan Bank	None
Borrowed Money	None
Loans in Process	220,249.90
Other Liabilities	7,330.90
Specific Reserves	54,299.67
General Reserves	\$469,853.03
Undivided Profits	479,399.14
	<hr/>
	949,252.17
	<hr/>
	\$9,947,199.27

EXHIBIT 77

(1) Mr. Butzel: I would like to make some stipulations. It is stipulated by and between counsel for the respective parties that this deposition may be taken by agreement of the respective counsel for the respective parties with the consent of the witness; that the reading and signing of the deposition by the witness are waived; and may there be a stipulation between counsel that a general objection will be entered on behalf of each of the parties to any of the line of testimony introduced here, is that correct, Mr. Dexter?

Mr. Dexter: That is correct. Our objection is more general than yours would be. We object to the materiality and relevancy of any testimony that Mr. Swanson would give at all.

Mr. Butzel: If that is understood, I guess we can proceed.

SWANSON, MR. HAROLD O., being first duly sworn by the notary to tell the truth, the full truth, and nothing but the truth, was examined, and testified as follows:

Direct Examination

By Mr. Butzel:

Q. Mr. Swanson, will you give your full name, please?

A. Harold O. Swanson.

Q. Where do you live?

A. 1326 Underwood Avenue Southeast, Grand Rapids, Michigan.

.

Exhibit 77—Deposition of H. O. Swanson 1129a
Direct Examination

(2) Q. Mr. Swanson, what is your position with the Mutual Home Federal Savings and Loan Association?

A. President and a director.

Q. How long have you been president and director?

A. I have been a director since February, 1950, and president since January 18, 1956.

Q. How long have you been employed by the Association?

A. Since September, 1936.

Q. Where is your Association located?

A. 86-88 Market Avenue Northwest, Grand Rapids, Michigan.

Q. How long has the Association been here?

A. We have been in this location since 1922.

Q. And prior to that time, where were you located?

A. Immediately prior to that time we were in the so-called Commercial Savings Bank Building, 201 Monroe Avenue, from 1916 to 1922.

Q. Your offices have always been in Grand Rapids, have they?

A. That is right.

Q. Is your Association a Federal Association?

A. Yes, sir.

(3) Q. Is it currently so?

A. It is.

Q. Is it organized under the Federal Home Loan Act?

A. That is right.

Q. When was it so organized?

A. 1935—wait a minute, excuse me—you say when was the Association organized?

Q. Yes, when was it so organized?

A. It was originally organized December 12, 1888.

Q. That was under a State Act?

1130a • Exhibit 77—Deposition of H. O. Swanson
Direct Examination

A. A State Charter.

Q. When did you secure a Federal Charter?

A. On December 18, 1935.

Q. —at which time you gave up your State Charter, is that correct?

A. That is correct.

Q. And since that time you have always been a Federal Association?

A. That is right.

Q. Do you have any branches?

A. No, sir.

Q. You have just this one office?

A. That is right.

Q. In what general area does your Association do business?

A. In Grand Rapids and immediate vicinity—and by that, (4) I mean the adjoining six townships and communities.

Q. How about the location geographically of your members, people who own your shares?

A. Our members are principally located in this area but we do have members throughout Michigan and other states of the Union.

Q. Percentagewise, is it large?

A. Just a small percentage are outside of the immediate area.

Q. In the subpoena that was served upon you, you were asked to bring with you certain books and records. Do you have a copy of your Articles, Charter, By-laws, your pass books?

A. I have.

Q. May I see your Charter, please?

A. Yes.

Exhibit 77—Deposition of H. O. Swanson 1131a
Direct Examination

Q. How about the savings book; do you have a mortgage book too?

A. Yes, sir.

Q. I will hand you Exhibit 1, and ask you to identify that, please.

A. Exhibit 1 is the Charter and By-laws of the Mutual Home Federal Savings and Loan Association of Grand Rapids, Michigan.

Q. I will hand you Exhibit 2, and ask you to identify it.

(5) A. Exhibit 2 is the Loan Account Book for our direct monthly reduction loans.

Q. Exhibit 3 is what?

A. Exhibit 3 is our Savings Account Book.

Q. Now Exhibit 1 is your Charter and By-laws, is that correct?

A. That is right.

Q. And they prescribe the conditions under which your Association operates?

A. That is right.

Q. Are these the same as were in existence in 1952?

A. That is right.

Q. How does your Association obtain its capital?

A. By accepting savings accounts from members.

Q. How are your shareholders or members represented, Mr. Swanson?

A. By savings passbooks and savings certificates.

Q. Is the certificate of membership to this contained in these books? (referring to Exhibits 2 and 3)

A. Yes, the certificates of membership is in both the savings book and the loan account book.

Q. Do the members get any other type of certificate representing their interest in the Association?

A. No, sir.

1132a Exhibit 77—Deposition of H. O. Swanson
Direct Examination

Q. How many types of members do you have in your (6) Association?

A. Two types, savings members, and borrowing members.

Q. No others?

A. No others.

Q. How much must be invested to open an account and obtain a membership?

A. One dollar.

Q. Anything more than one dollar?

A. Not required.

Q. How large an investment can be made?

A. Presently, as well as in 1952, there wasn't any limit.

Q. Are investments accepted at any particular time?

A. They are accepted at all times.

Q. At all times?

A. Yes.

Q. Do they have to be made in any specific multiples?

A. Not on the savings books, but in the case of savings certificates, the investment must be made in multiples of \$100.00.

.

(7) Q. I will show you what has been marked Exhibit 4 and ask you what that is?

A. Exhibit 4 is the financial statement of the Mutual Home Federal Savings and Loan Association as of December 31, 1951.

Q. That correctly states the assets of your Association on that day?

A. It does.

Q. Now I show you Exhibit 5 and ask you what that is?

Exhibit 77—Déposition of H. O. Swanson 1133a
Direct Examination

A. Exhibit 5 is the financial statement of the Mutual Home Federal Savings and Loan Association as of December 31, 1952.

Q. Does that likewise correctly represent the correct condition on that date?

A. It does.

Q. Were both of these reports published?

A. They were, as well as being mailed to the membership.

Q. In the description of liabilities in both statements, I notice this term Savings Accounts. Does that consist of investments of your shareholders?

A. It does.

Q. Is that what it is meant to describe?

A. Yes.

Q. And that insofar as each shareholder is concerned (8) that information would be reflected in the savings book, Exhibit 3, is that correct?

A. Yes, and the certificates.

Q. And also the certificates?

A. Yes.

Q. All right, turning to these again, under Assets, there are three items, First Mortgage Loans, Loans on Savings Accounts, and Properties sold under Contract. Do these items represent indebtedness due from various borrowing members?

A. Yes.

Q. And those, I assume, would be reflected in Plaintiff's Exhibit 2?

A. Yes, sir, except that a slightly different type of book is given to the purchasers on land contract.

Q. In which way would it differ?

A. Just in color.

Q. But the contents would be the same?

1134a Exhibit 77—Deposition of H. O. Swanson
Direct Examination

A. The contents are the same.

Q. Why do you have a different color, for ease of the tellers?

A. We have different colors for various types of loans in order to help tellers identify the account readily.

Q. Could you give me the number of savings members that you have as of December 31, 1951, and also as of December 31, 1952?

(9) A. Savings members on December 31, 1951, were 5408. Savings members December 31, 1952 were 5702.

Q. Mr. Swanson, could you tell me what the difference might be between your shares and those of a commercial corporation or commercial bank?

A. There is a difference in this respect that our savings account and shares are more like a bank deposit than a share in a commercial corporation.

Q. In other words, it is like a savings account deposit?

A. We call them investments but it is a savings account investment.

• • • • •

Q. Could you tell me whether your savings members come from any particular economic class in Grand Rapids, any particular income class, such as high income or—

A. Our savings accounts members are from all walks of life, from the low income group to the higher income group.

Q. Would you say it is a cross section of income levels?

A. Yes, sir.

Q. And do you secure that information from the financial applications or in what way do you secure the information in connection with that?

Exhibit 77—Deposition of H. O. Swanson, 1135a
Direct Examination

A. Insofar as the loans are concerned, we have it from written information on our loan application. In the case of savings members, we don't have their occupations except that from our own knowledge and acquaintance with many of them, we know they (10) are from all income groups.

Q. In other words, the size of your organization is such that there is a certain intimacy between the officers and the members and you know generally their backgrounds?

A. That is right.

Q. Considering the withdrawal rights for savings members, are there any conditions normally imposed by your Association on withdrawal rights?

A. Not under normal conditions.

Q. How are dividends on your shares determined?

A. Dividends are declared by the board of directors twice a year, in December and in June, for payment at the end of those respective months after payment of the operating expenses and proper allocations for reserves.

Q. Would you say that the income of the Association was the dominant factor in determining what dividend rate will be paid?

A. Yes, sir.

Q. After the dividends are declared, how are they paid, Mr. Swanson?

A. In the case of the savings books, the dividend is added to the book, and is subject to withdrawal by the member. Otherwise the dividend remains and compounds. In the case of the savings certificate, the dividend is mailed by check on December 31st and June 30th.

(11) Q. In other words, the dividends can either be taken in cash or they can be credited at the option of the member, is that correct?

A. That is right.

1136a Exhibit 77—Deposition of H. O. Swanson
Direct Examination

Q. What was the dividend rate in 1952, Mr. Swanson?

A. Two and one-half percent per annum.

Q. Mr. Swanson, if a savings account is withdrawn before the dividend period, do you pay on any accrued interest or do you pay any accrued dividend?

A. No, the dividend is payable only on those funds that remain on hand at the dividend date.

Q. At the dividend date?

A. That is correct.

Q. You loan only to members?

A. That is right.

Q. What procedure do you follow when a person seeks to borrow from your Association?

A. We take a formal application from the borrower, which describes the property that is offered as security, and we appraise the property, obtain a credit report from local commercial credit rating agencies, as well as our own personal investigation before determining whether the loan should be made.

We also have the applicant sign an application for membership prior to closing the loan.

.

(12) Q. I show you Exhibit 8 and ask you what that is?

A. Exhibit 8 is an application for membership for a savings account in the Mutual Home Federal Savings and Loan Association.

Q. On one side I notice it appears to be "individual", and (13) on the other side "joint", is that correct?

A. That is correct.

Q. I hand you Exhibit 7, and ask you what that is?

A. Exhibit 7 is an application for membership for a proposed borrower on a mortgage loan.

Exhibit 77—Deposition of H. O. Swanson 1137a
Direct Examination

Q. I show you Exhibit 6 once again, and ask you what that is.

A. Exhibit 6 is a detailed application for the loan giving a brief description of the security offered and employment and personal information regarding the applicant.

Q. In other words, this is the basis from which you start your investigation for a proposed borrower?

A. That is right.

Q. Mr. Swanson, what types of collateral are taken for your loans?

A. First mortgage loans on residence property principally and I mean by that, on one to four family properties. There are a very few loans made on other than residential property falling in that category.

Q. I notice from your financial statements which have been placed in evidence here, you have a figure for loans on savings accounts. What sort of a loan is that?

A. That is a share loan note that we take from investors who wish to obtain some of their funds without actually making a withdrawal. It is typically used in the several weeks (14) immediately preceding the dividend date when the borrower doesn't wish to disturb his dividend and would rather pay us a little interest on his loan—or share loan note.

Q. Is there a form representing that note?

A. There is.

Q. May that be identified as Exhibit 9?

.

Q. Purely for purposes of the record, this is the instrument that you were talking about just a moment before, is that right?

A. That is right.

Q. Now you said that you took certain collateral and you explained that was residential real estate?

1138a Exhibit 77—Deposition of H. O. Swanson
Direct Examination

A. That is right.

Q. Also, a savings account holder could borrow against the value of the balance of his account giving a note for that?

A. That is right.

Q. So that at the time a loan is granted, it may be necessary to fill out a membership application, the nature of which you have shown, as well as an application for a loan, is that correct?

A. That is right.

Q. Were all of these forms in use in 1952?

A. Yes, sir.

(15) Q. Do you have any savings account members or borrowing members other than individuals?

A. Yes, we do. We have a few loans to corporations and a few loans to business, a few savings accounts to business.

Q. Partnerships?

A. Partnerships, credit unions, fiduciaries, trustees, and so forth.

Q. That was true in 1952?

A. Yes, sir.

Q. All right now, on Exhibits 4 and 5, your financial statements for the two years, there is an asset described as property sold on contract. Would you describe what these assets consist of?

A. These are properties that were acquired by the Association as the result of foreclosure of defaulted mortgages and have been resold on land contract.

Q. What types of property are they?

A. They are all residential properties.

Q. Do you make any loans without collateral?

A. Yes, FHA home improvement loans.

Q. Did you do that in 1952.

A. Yes, in a small amount.

Q. On your financial statement under assets are listed, of course, first mortgage loans. These are loans, I assume, for which the borrower has to make out an application for a loan and (16) an application for a membership, is that correct?

A. That is right.

Q. On what types of property are these loans made?

A. Principally on one to four family residences.

Q. I think you said occasionally loans were made on commercial property?

A. Yes.

Q. Do you have any estimate percentagewise?

A. It is a very small percentage. Actually in 1952, we didn't make any loans on commercial properties but we did have on our books loans made in the two preceding years for the original amount of \$110,000.

Q. Do you have a record of the mortgages which you have taken during the period from 1946 to 1952?

A. Yes, sir.

Q. Do you have that in terms of numbers?

A. Yes, and amounts.

Q. Amounts and total amount?

A. That is correct.

Q. All right, could you give me those figures for the year 1946?

A. In the year 1946 we made 602 mortgage loans totalling \$2,522,545.72.

Q. And in 1947, please?

A. We made 526 loans totalling \$2,066,536.99.

(17) Q. And in 1948?

A. We made 490 loans for \$1,893,763.25.

Q. In 1949?

A. We made 455 loans for \$1,829,652.88.

Q. In 1950?

A. We made 585 loans for \$2,890,038.57.

1140a Exhibit 77—Deposition of H. O. Swanson
Direct Examination

Q. In 1951?

A. We made 570 loans for \$2,930,598.50.

Q. And in 1952?

A. We made 636 loans for \$3,609,419.56.

Q. Now I understand you have a typewritten summation of those figures?

A. I have.

Q. Where were those figures taken from?

A. The Records of the Mutual Home.

Q. May I have a copy here?

A. Yes, sir.

Mr. Butzel: I would like that identified.

(Plaintiff's Exhibit 10 was marked by the reporter at this time.)

Q. Exhibit 10 which appears to represent a record of mortgage loans made from 1946 through 1952 was prepared under your direction?

A. Yes.

Q. And represents the mortgage loans made during that (18) period of time?

A. That is right.

Q. Are the loans so made by your Association confined to any maximum and minimum value of property, property worth so many thousand dollars?

A. Generally the loans are on properties of sufficient value so that our loans don't exceed \$20,000. We seldom make a loan against a piece of property of residential use that is worth over \$40,000.

Q. What about properties for commercial users?

A. In the case of commercial loans, the properties could be worth several hundred thousand dollars.

Q. In other words, they might exceed anything that you do for residential purposes?

A. Yes.

Q. Now for what purposes are your mortgages made?

Exhibit 77—Deposition of H. O. Swanson 1141a
Direct Examination

A. For purchasing of property, for new construction, improvements, refinancing, and miscellaneous uses.

Q. Do you refinance mortgage loans when there is an outstanding loan from a bank?

A. Occasionally a loan held by a bank is paid in connection with the sale of the property to another owner who acquires his loan with us.

Q. Would you be able to tell us percentage-wise approximately how many of your loans are for new construction, and how (19) many are for home purchase, and how many for modernization during the year 1952?

A. Yes, sir, in 1952 we made \$778,885 in new construction loans, which was 21.58 percent of our total volume.

Q. How much for purchase?

A. For purchase in 1952, we made \$1,960,367 in loans; which was 54.31 percent of our total.

Q. What about for refinancing?

A. For refinancing we made \$621,407 in loans, which is approximately 17 percent of our total.

Q. Do you take FHA mortgages?

A. Yes, we do.

Q. In 1952, did you?

A. Yes, we did.

Q. Both GI and VA?

A. We didn't make a GI loan in 1952 but we made 154 FHA loans in 1952 for 35.21 percent of our total loan volume.

Q. Did you take the conventional type of mortgage then?

A. Yes.

Q. Would you use an open end mortgage at all?

A. Yes, we do.

1142a Exhibit 77—Deposition of H. O. Swanson
Direct Examination

Q. For what purpose are they ordinarily used?

(20) A. The open end type of mortgage makes it convenient for a present mortgage borrower to obtain additional advances principally for making improvements to the property without executing a new mortgage. We simply take an additional note with an affidavit of additional advance.

Q. Do you ever advance them under that form of a mortgage an amount in excess of what the original mortgage was?

A. That occasionally happens especially in cases where a contractor or other individual has a small loan for construction purposes and later discovers that he should have borrowed a little more money and if the security is there, our mortgage permits us to advance beyond the original money.

Q. Now getting back to the conventional mortgage, what are the terms ordinarily, the rate of interest, the term, the repayment?

A. The terms of the conventional mortgage are typically ten, fifteen or twenty year loans with a five percent interest rate in 1952.

Q. Is there a minimum term under which you will loan or is it merely that your practice is such that you start most of them around ten years?

A. We are not permitted to take a mortgage loan for less than five years, although the borrower has the privilege of prepaying any loan prior to that time, prior to maturity without penalty.

(21) Q. What percentages of your mortgages do you think would be in excess of ten years?

A. The larger portion of the loans average about fifteen years.

Q. Are your mortgages all repayable monthly?

A. Yes, sir.

Exhibit 77—Deposition of H. O. Swanson 1143a
Direct Examination

Q. What other charges are made in connection with a mortgage?

A. We charge an appraisal fee, the cost of bringing the title papers to date, the attorney's examination of title and recording fees, all of which would amount to about \$30 to \$35.

Q. I am, of course, referring to 1952. Would that have been substantially true in 1952?

A. It may actually have been a little less at that time.

Q. Now if the borrowers come to you to apply for a loan and have filled out the necessary forms, application for loan and membership, and the loan has been approved, what else does the borrower have to do other than repay the loan?

A. Nothing. The mortgage requires that he pays the fire insurance and taxes.

Q. Is he required to invest any amount in your Association?

A. No.

Q. Do you have any safety deposit boxes?

A. No.

(22) Q. Do you provide facilities for money orders or travellers checks?

A. We have the facilities but they are used in a very limited way.

Q. Do you permit savings by mail?

A. We do.

Q. Do you have Christmas and Vacation Clubs?

A. No, sir.

Q. Checking accounts?

A. No, sir.

Q. Consumer credit loans?

A. No, sir.

1144a Exhibit 77—Deposition of H. O. Swanson
Direct Examination

Q. Do you advertise?

A. Yes, sir.

Q. Do you advertise a great deal or often?

A. In 1952 our advertising was confined pretty much to television and radio with some newspaper advertising.

Q. Did you advertise on radio and television every day?

A. No, sir.

Q. Every week?

A. The procedure that we followed with the broadcasting company requires that you purchase a thirteen-week program in order to get the best rate. Therefore, we had a thirteen-week series of ads in the spring of the year. Then on radio in the fall of the year, we were ahead of the ball game.

(23) Q. So at some periods, you do it every day, and at other periods less often?

A. And other periods nothing.

Q. What newspapers did you use?

A. The local papers, the Grand Rapids Herald and the Grand Rapids Press.

Q. Do you have any examples of your advertising in the local paper?

A. The newspaper advertising in 1952 was confined pretty much to very small ads which state that loans were made for the purpose of construction, purchase and remodelling and repairs of residences. A few larger ads described houses that were for sale by contractors obtaining their financing with us and the terms of financing were quoted.

.

Q. . . . I again show you advertisements marked Exhibits 11A & 11B and those are representative of the type of advertising of one nature that you did, is that correct?

Exhibit 77—Deposition of H. O. Swanson 1145a
Direct Examination

A. That is right. We also published our December 31, 1952 statement in the Grand Rapids Press on January 24, 1953.

Q. Do you only publish that once or do you publish it for a week or for how long a period?

(24) A. It is usually published in both the Grand Rapids Press and the Grand Rapids Herald at least once a year.

Q. At least once a year?

A. Yes.

Q. Do you know whether you published it more often than once in 1952?

A. Not in 1952.

Q. All right. Now in 1952, you did publish one then covering the operating statement for the preceding year?

A. Yes.

Q. So that it appeared in 1952?

A. Yes.

(Plaintiff's Exhibit 12 was marked by the reporter at this time.)

Q. Now in 1952 what taxes did you pay the State of Michigan?

A. We paid real estate taxes on our Association's office building, amounting to \$2,300.17; and we paid the Michigan Department of Revenue the intangibles tax, \$5,063.23 for the year 1952.

Q. You said that you paid real estate taxes to the State of Michigan. You paid those to the City or the County, did you not?

A. The City of Grand Rapids, yes.

Q. So that the tax you paid the State of Michigan consisted of the Michigan Intangibles Tax, is that right?

(25) A. That is right.

Q. On what did you pay your intangibles tax?

1146a Exhibit 77—Deposition of H. O. Swanson
Cross Examination

A. Our intangibles tax was paid on our total savings accounts as of December 31, of that year.

Q. At what rate?

A. 1/25th of one percent, which is 40 cents per thousand.

Q. Do you have a bill covering the taxes such as the Michigan Intangibles Tax?

A. Yes.

(Plaintiff's Exhibit 13 was marked by the reporter at this time.)

Q. I show you Exhibit 13; is there any evidence that it has been paid? This appears to be a copy of a form you sent in, is that correct?

A. It is a copy of the form but the tax was actually paid with the return.

Q. So far as you know, you paid no other tax during that period to the State of Michigan?

A. No, sir.

Mr. Butzel: I think that is all at this time.

Cross Examination

By Mr. Dexter:

Q. I would like to make it clear, Mr. Swanson, that any questions that I have to ask you would pertain primarily to the year 1952 unless the content of the answer or the nature of the (26) question would necessarily require another period. Now as I understand you, I believe you, I believe you said that your Association was organized initially as a State Association?

A. That is right.

Q. And subsequently you obtained a Federal Charter, is that correct?

A. That is right.

Exhibit 77—Deposition of H. O. Swanson 1147a
Cross Examination

Q. Could you explain why you made that change, or why the Association made that change?

A. The change was made in keeping with the general trend throughout the country to avail ourselves of the benefits of the Federal Charter and the insurance of accounts in the interest of uniformity. The Federal Charters are the same for all States in the Union, whereas State Charters differ in different States.

Q. At the time you were organized initially under a State Charter, was there any opposition to your knowledge on the part of the banks in the Grand Rapids area?

A. Of course, that was all prior to my birth but I have no knowledge of there ever having been any.

Q. At the time you obtained your Federal Charter, to your knowledge, was there any objection on the part of banks in the Grand Rapids area to the granting of your Charter?

A. Actually I was not an employee of the Mutual Home at the date this Association obtained its charter, but I was an (27) employee of a local bank and I have not heard at that time or since of any objection.

Q. In reference to the capital structure of your Association, you stated various facts as to the nature of the shares. Can these shares be assigned?

A. Yes, sir.

Q. May they be assigned without the consent of the Association?

A. To become effective, the transfer must be recorded on our books.

Q. In other words, the Association must approve the assignment and pass upon it?

A. Yes, sir.

Q. May these shares be redeemed or repurchased at the option of the Association?

1148a *Exhibit 77—Deposition of H. O. Swanson*
Cross Examination

A. They may be, yes.

Q. You have the right to take them back?

A. According to the terms of the Charter, yes.

Q. Do you reserve the power to refuse anyone's wish to become a shareholder?

A. Yes, we can.

Q. Have the stockholders and directors expressly authorized by resolution all types of business activity in which your Association is engaged?

A. Yes, sir.

(28) Q. Again, this is in reference to the 1952 period stated previously?

A. That is right.

Q. Would you describe generally the nature of each category of assets and liabilities that you have? Undoubtedly that would be indicated in your financial statement but—

A. The assets of the Association consist of first mortgage loans, loans on savings accounts, home improvement loans, properties sold on land contract, stock in the Federal Home Loan Bank, cash, and United States Government Bonds, our office building and furniture and fixtures.

The liabilities consist of savings accounts, loans in process that we are obligated to complete, reserves, surplus and accounts payable and miscellaneous items that we group as "other liabilities".

Q. Now what cash reserves are you required to keep by law?

A. Six percent of our savings accounts is the legal requirement, but we always keep cash reserves in excess of that amount.

Q. Is there any additional deposit other than those reserves that you are required to keep?

Exhibit 77—Deposition of H. O. Swanson 1149a
Cross Examination

A. No.

Q. What is the course of capital and borrowed money that your Association has?

A. Investments of members in the form of savings (29) accounts and savings certificates.

Q. That is your total source of capital—

A. That is right.

Q. In reference to your deposits and your membership certificates, do you guarantee interest to your depositors?

A. We don't guarantee the rate of return and we don't pay interest. We pay dividends.

Q. You pay dividends and not interest?

A. That is right.

Q. In other words, there is no guarantee of an interest rate?

A. That is right.

Q. Do your depositors or shareholders have the legal right to withdraw their deposits on demand?

A. As a matter of practice withdrawals are paid on demand it is only in a period of economic distress or national calamity that notice might be required.

Q. How would you answer the question as to your depositors or shareholders, do they have the legal right to withdraw their deposits on demand?

A. No.

Q. Are your depositors considered as creditors by your Association?

A. No.

Q. Where do you keep the cash you are required to (30) keep or have on hand for your business needs?

A. In our local commercial account at the Old Kent Bank and in the Federal Home Loan Bank of Indianapolis.

1150a *Exhibit 77—Deposition of H. O. Swanson*
Cross Examination

Q. Now do you keep those accounts in the regular commercial bank account?

A. Locally we do, yes.

Q. And what about the other one?

A. In the Federal Home Loan Bank of Indianapolis, our excess cash may be in either a commercial demand account or in a time deposit account on which we receive interest.

Q. Do you maintain any other kinds of deposits other than those you have described in commercial banks?

A. No, sir.

Q. Do you do any other sort of business with commercial banks?

A. No.

Q. You have no other contact with commercial banks at all?

A. No. We have the privilege of borrowing money from them but the privilege isn't used.

Q. Do you pay your dividends that are paid to your shareholders by check?

A. We do on the certificate accounts.

Q. Are those checks drawn on your commercial accounts?

A. In our case they are drawn on the commercial (31) account at the Old Kent Bank.

Q. What percentage of persons who borrow from your Association are shareholders, or deposit shareholders, I should say?

A. I would say that about ten percent to fifteen percent of our borrowing members are shareholders or savings account holders.

Q. Would you describe the procedure your organization uses upon receiving loan applications other than that you have already testified to?

Exhibit 77—Deposition of H. O. Swanson 1151a
Cross Examination

A. I think the procedure has been fully described.

Q. Do you loan any money to finance companies?

A. No, sir.

Q. What percentage of your loans are secured by mortgages on farm and residential properties?

A. We do not make any farm loans so that practically all of our loans are on residential properties with an occasional exception for a commercial or industrial property.

Q. Do you loan money secured by chattel mortgages on automobiles?

A. No, sir.

Q. Do you secure your loans by accepting shares of stock as collateral?

A. In a few instances. You are talking about such as General Motors Stock?

(32) Q. Yes.

A. The answer is No to that.

Q. Or bills of lading?

A. No.

Q. Fungible goods?

A. No.

Q. Assignment of accounts receivable?

A. No.

Q. Do you make any unsecured loans on the strength of a borrower's financial statement?

A. No.

Q. How large a percentage of the current market value of the security will you loan?

A. When you are talking about security, do you mean real estate loans?

Q. Yes.

1152a Exhibit 77—Deposition of H. O. Swanson
Cross Examination

A. Loans against real estate security, residential and up to four-family properties, are made for amounts up to two-thirds of the value, except in the case of G. I. loans or FHA loans which can be for larger amounts but carry the insurance and guarantee of a government agency.

Q. In reference to the 1952 advertising that you testified in reference to, was that advertising directed toward securing loans or securing investments?

A. Both.

(33) Q. Both?

A. Yes.

Q. You stated that you didn't go over \$20,000 in amount on loans for residential properties. Would you know what the average amount of the loans are that you make?

A. We have got that right on there for all of these years. Exhibit 10 gives the average size of the loan made from 1946 to 1952. The 1952 average size loan was \$5,675.

Q. What is the average interest rate of the loans which you make?

A. The convention loans would be five percent, but in 1952, the FHA loans were 4.25 percent, and the VA loans were four percent.

Q. What is the average duration of the loans which you make?

A. I would say about fifteen years.

Q. Would you know what percentage of your loans were for a period greater than ten years?

A. More than half of the loans would be for over ten years.

Q. What percentage would be for any period less than ten years?

A. Very little.

Exhibit 77—Deposition of H. O. Swanson 1153a
Cross Examination

Q. Would you have an idea of the percentage?

A. The percentage couldn't be more than two percent as (34) the loan for less than ten years is typically made to an elderly customer who needs some additional financing. We don't solicit those loans.

Q. What do you mean when you refer to or what do you mean by "ten year loans"?

A. The so-called ten year loan requires that the purchaser or the borrower pay one percent per month, but at five percent interest, the loan is actually ten years and ten months.

Q. Then as to an actual ten year period according to your testimony, there would be only two percent of the loans for a ten year period or less?

A. That is right.

Q. How are the loans that you make amortized?

A. On a monthly payment plan.

Q. Do you make any straight mortgage loans?

A. No, we do not.

Q. Are all the loans that you do make open-end type of mortgage loans?

A. They have been since March 15, 1952.

Q. What provisions are made in your mortgages concerning pre-payment?

A. We permit pre-payment without penalty.

Q. Do you consider them more or less liberal than pre-payment clauses used in bank mortgages?

(35) A. Actually, I am not familiar with the pre-payment privileges of bank mortgages generally.

Q. Do you sell or assign any of your mortgages?

A. We do not.

Q. Do you charge the full rate permitted for servicing VA and FHA mortgages?

A. We do not. We never have.

1154a *Exhibit 77—Deposition of H. O. Swanson*
Cross Examination

Q. Remembering that we are talking here about the year 1952, could you state what was the situation of the mortgage money market in that year?

A. Loans were in terrific demand and my opinion is that very few lenders could supply all the money that was requested for loan purposes.

Q. And that was the experience of your Association?

A. That is right.

Q. The need for additional mortgage money that apparently was not available in the Grand Rapids area related to good first-class mortgage security, did it not?

A. Yes.

Q. Is your Association subject to governmental supervision?

A. We are.

Q. Would you describe the nature and extent of that supervision and identify the governmental agency supervising you?

A. We are visited, examined, and audited by the (36) Federal Home Loan Bank of Indianapolis, as we are a member of the Sixth Federal Home Loan Bank District which comprises Michigan and Indiana.

Q. Are you a member of the Federal Reserve System?

A. No.

Q. The Federal Deposit Insurance Corporation?

A. No.

Q. Are you permitted to borrow from the Federal Reserve System?

A. No.

Q. What agency of the government if any insures your stockholders?

Exhibit 77—Deposition of H. O. Swanson 1155a
Cross Examination

A. Our shareholders are insured by the Federal Savings and Loan Insurance Corporation, an instrumentality of the United States government.

Q. What provision and procedure is made in your by-laws for paying off investors in the event of emergency or insolvency?

A. In case of insolvency and if the Federal Savings and Loan Insurance Corporation is requested to make the payments for the shareholder, they shall either be paid in cash or by transferring the account to an open insured Association.

Q. Do you have any documentary references to that procedure other than what is contained in Exhibit 1?

A. We have our rules and regulations in the Federal (37) Savings and Loan Manual that describes this procedure.

Q. Would you be able to procure copies of that for us?

A. Yes.

Q. Would you explain the operation of the insurance provided for your shareholders or depositors?

A. The safety of our accounts is insured by the Federal Savings and Loan Insurance Corporation up to \$10,000 per member. In the event of requests for withdrawals in excess of the Association's immediate ability to pay, the investors would be requested to file notice and receive their money in amounts of \$1,000 at a time per account as specially provided for in Section 12 of the Charter. This would continue indefinitely if the Association didn't restore its ability to meet withdrawals on demand.

In the event that the Association was never able to restore its ability to pay all the accounts and was declared insolvent, the Federal Savings and Loan Insurance Corporation would be called upon to pay the other

1156a Exhibit 77—Deposition of H. O. Swanson
Cross Examination

accounts by cash or by transfer to an open insured Association.

Q. At all time did you operate in accordance with the requirements of the Home Loan Bank Board?

A. Yes.

Q. And in accordance with the requirements of the Home Loan Act of 1933?

A. Yes, including the provisions of Section 5 of the Home Loan Act, 1933.

(38) Q. And in accordance with your charter and bylaws?

A. Yes, that is right.

Q. You stated generally the nature of your loan activities. Would you state that it was primarily loans to home owners, people acquiring their own homes?

A. Yes, indeed.

Q. Would you state that that was the primary purpose of the Home Loan Bank System of which you are a member?

A. Yes, it was organized to promote home ownership and to act as a reserve credit institution to provide funds for the protection of investors as well as provide additional funds for loan purposes.

Q. Would you know what percentage of your residential loans were for people to acquire their own homes?

A. The largest portion of the loans are made for purchasing and construction.

Q. Of homes?

A. That is right.

Q. Is that for occupancy by the owners?

A. Practically one hundred percent for owner-occupancy.

Q. To your knowledge was your loan policy for home mortgage purposes more liable than the banks in the area?

Exhibit 77—Deposition of H. O. Swanson 1157a
Cross Examination

A. Generally our loans are for larger amounts than banks can make because at that time we were permitted in 1952 to make larger loans than the banks could make.

(39) Q. By "larger", do you mean that you were able to make a larger loan as compared to the value of the property?

A. On the conventional type loan. The VA and FHA loan percentagewise would be the same.

Q. But on a conventional type loan, you would loan up to a higher percentage of the market value than the banks would?

A. We were permitted to do that and many loans would be made that way.

Q. Did you loan to people who had been turned down by banks because they did not wish to loan these people the amount of money they needed?

A. We probably wouldn't have been informed of that situation and I don't have any general knowledge of that, no.

Q. How many employees do you have?

A. In 1952 or now?

Q. In 1952.

A. Thirteen employees in 1952.

Q. Did you pay workmen's compensation tax to the State of Michigan?

A. Yes.

Q. Is your federal tax computed in the same manner as that of banks?

A. I don't know what the banks' rates are. I know what ours are.

Q. Are you aware of the provisions of the federal law (40) creating Federal savings and loan associations with respect to their taxation by states?

1158a Exhibit 77—Deposition of H. O. Swanson
Re-direct Examination

A. Yes.

Q. What was the market value of your shares in 1952?

A. Par.

Q. Let me ask this question; would you repeat again the total taxes paid to the state and the city of Grand Rapids in 1952?

A. We paid \$2300.17 in real estate taxes to the City of Grand Rapids, and we paid \$5063.23 to the Michigan Department of Revenue for the intangibles tax.

Q. You state that you paid workmen's compensation; do you know what amount that was?

A. \$431.10.

Q. Did you pay any federal income tax in 1952?

A. No.

Q. Do you do any of the following: Issue letters of credit?

A. No.

Q. Issue travelers checks?

A. No.

(41) Q. Have you paid any income tax since 1952?

A. No.

Mr. Dexter: That is all.

Re-direct Examination

Mr. Butzel: In 1952, was there ever a requirement by your organization to slow up anybody in liquidating their investment?

The Witness: No.

Mr. Butzel: Do you record each of the mortgages?

The Witness: Yes.

(42) Mr. Butzel: And you did in 1952?

The Witness: Yes.

EXHIBIT 77-E

64th ANNUAL FINANCIAL STATEMENT OF THE
MUTUAL HOME FEDERAL SAVINGS AND
LOAN ASSOCIATION

December 31, 1952

Assets

First Mortgage Loans	\$11,475,270.66
Loans on Savings Accounts.....	47,859.65
FHA Home Improvement Loans.....	9,075.95
Properties sold on Contract.....	71,502.95
Cash on Hand and in Banks.....	557,090.41
U. S. Government Bonds.....	1,560,093.75
Stock in Federal H. L. Bank:	250,000.00

Membership in this Federal System provides a long time working capital at a nominal interest rate, when desired.

Office Building	130,166.66
Furniture and Fixtures.....	20,807.74
Deferred Charges	6,911.82
	<u>\$14,128,779.59</u>

Liabilities

Savings Accounts	\$12,658,070.55
Loans in Process.....	118,251.34
Other Liabilities	49,975.75
Specific Reserves	5,100.97

General Reserves

Contingencies	\$150,000.00:	
Federal Insurance	412,192.59	
	<u>\$562,192.59</u>	
Surplus	735,188.39	1,297,380.98
		<u>\$14,128,779.59</u>

EXHIBIT 77-J

MUTUAL HOME FEDERAL SAVINGS & LOAN ASSOCIATION

88 Market Avenue, N. W.
Grand Rapids 2, Mich.

MORTGAGE LOANS MADE

	To Purchase	To Refinance	New Con- struction	Improve- ments	Other	Total No.	Total Amount	Average Size of Loan Made
1952	\$1,960,367.58	\$621,407.37	\$778,885.51	\$ 33,983.32	\$214,775.78	636	\$3,609,419.56	\$5,675.19

Exhibit 77-J

1160a

EXHIBIT 77-M

64th ANNUAL STATEMENT OF CONDITION

Mutual Home Federal Savings and Loan Association

December 31, 1952

Assets

First Mortgage Loans	\$11,475,270.66
Loans on Savings Accounts.....	47,859.65
FHA Home Improvement Loans.....	9,075.95
Properties Sold on Contract.....	71,502.95
Cash on Hand and in Banks.....	577,090.41
U. S. Government Bonds.....	1,560,093.75
Stock in Federal H. L. Bank.....	250,000.00
Membership in this Federal System provides a long-time working capital at a nominal interest rate, when desired.	
Office Building	130,166.66
Furniture and Fixtures	20,807.74
Deferred Charges	6,911.82
	<hr/>
	\$14,128,779.59

Liabilities

Savings Accounts	\$12,658,070.55
Loans in Process	118,251.34
Other Liabilities	49,975.75
Specific Reserves	5,100.97

General Reserves

Contingencies	\$150,000.00	
Federal Insurance	412,192.59	
	<hr/>	
	\$562,192.59	
Surplus	735,188.39	1,297,380.98
	<hr/>	<hr/>
		\$14,128,779.59

1162a

Exhibit 77-N

EXHIBIT 77-N

MICHIGAN DEPARTMENT OF REVENUE

Intangibles Tax Return

BUILDING AND LOAN

and

SAVINGS AND LOAN
ASSOCIATIONS

CALENDAR YEAR 1952

MUTUAL HOME FEDERAL SAVING & LOAN

88 Market N W

Grand Rapids 2 Mich

900766 9 09 04 28

Amount

Tax

A. Elects to pay under Section
3a (Rule 14A)Total paid in share liability
as of December 31..... \$12,658,070.55Less paid-in value of shares
owned by governmental
units as of December 31.....

Net liability subject to tax.....

Payment at 1/25 of 1%
(40c per \$1,000.00)..... 5,063.23

Total Amount Due..... 5,063.23

1952 Annual Report of Mutual Home Savings and Loan
Association to the Home Loan Bank Board

Home Loan Bank Board

and
Cooperating State Department

ANNUAL REPORT

OF

MUTUAL HOME SAVINGS AND LOAN ASSOCIATION
(Name of Institution)

88 Market Ave., N.W.

Grand Rapids, Michigan

(Street address)

(City)

(State)

AT THE CLOSE OF BUSINESS

December 31

1952

CERTIFICATION

President

Mutual Home Fed. Savings

Joel W. Leslie
Mutual Home Fed. Savings

I, Joel W. Leslie, do hereby solemnly swear that, to the best of my knowledge and belief, the books and records of said association correctly reflect the true financial condition thereof, the statements, schedules and data contained herein are true and correct, the figures appearing on all notes, mortgages and other instruments in connection therewith are genuine, and there are no undisclosed assets or liabilities.

President

Secretary

Joel W. Leslie

Subscribed and sworn to before,
on this 11 day of January
1953

(SEAL OF ASSOCIATION)

J. William Whitson

Notary Public

(NOTARIAL SEAL)

1952 Annual Report of Mutual Home Savings and Loan
Association to the Home Loan Bank Board

- 8 -

FIRST MORTGAGE LOANS

Schedule 1

(If institution holds both the first and second mortgage on the same property, both should be included as a first mortgage.)

A. First Mortgages Direct Substantive Loans

	NO. LOANS	UNPAID PRINCIPAL**
1. 1-4 family*	2222	\$ 12,262,222.97
2. Other improved real estate	22	614,713.00
3. Unimproved real estate		
Totals	2244	\$ 12,876,935.97 (1)

B. First Mortgages Share Accounts Substantive Fund Loans

	NO. LOANS	UNPAID PRINCIPAL**
1. 1-4 family*		
2. Other improved real estate		
3. Unimproved real estate		
Totals		\$ (1)

C. First Mortgages Straight Loans

	NO. LOANS	UNPAID PRINCIPAL**
1. 1-4 family*		
2. Other improved real estate		
3. Unimproved real estate		
Totals		\$ (1)

D. Loans in Process

Total amount undisbursed on loans on 1-4 family properties \$ 112,222.34

E. Loans Serviced for Others

Unpaid balances of mortgages which the institution has contracted to service for others \$

* Include joint loans and business not so covered by family.

** "Unpaid principal" means the face value of the mortgage, minus any credits thereto, including any or part value of installment mortgage loan shares.

(1) Each total "Unpaid Principal" must agree with corresponding item (in, 1b, or 2c of Exhibit A, less any interest or advances included therein, and less mortgage loan shares (item 21, Exhibit A) pledged on share account sinking fund loans (item 1-2, Exhibit A).

ANALYSIS OF FIRST MORTGAGE LOANS MADE DURING THE PAST YEAR

Schedule 2

(If institution made both a first and second mortgage on the same property, both should be included as a first mortgage loan.)

	CONSTRUCTION	PURCHASE OF SHARES	REFINANCING*	OTHER PURPOSES	TOTALS
Number	100	273	211	22	606
Amount	\$ 775,825.32	\$ 1,948,347.30	\$ 621,487.37	\$ 242,739.12	\$ 3,588,419.11

* A refinancing loan is a loan to a borrower for the purpose of repaying his mortgage indebtedness to another lender.

Schedule C

MEMBERS' AND INVESTORS' ACCOUNTS

	NUMBER HOLDERS	TOTAL OF SUCH ACCOUNTS
(a) Members' and/or investors' accounts with aggregate balances of \$10,000 or less	<u>5538</u>	<u>10,568,144.23</u>
(b) Members' and/or investors' accounts with aggregate balances of over \$10,000 (total of these accounts).	<u>104</u>	<u>2,089,926.32</u>
Total (Amount should equal total of items 20, 21, and 22 of Exhibit A)	<u><u>5702</u></u>	<u><u>12,658,070.55</u></u>

59th Annual Financial Statement of the

Mutual Home Federal Savings and Loan Association

December 31, 1947

ASSETS

First Mortgage Loans.....	\$5,367,068.85
<small>These loans are secured on homes in Grand Rapids and vicinity.</small>	
Loans on Passbooks and Certificates	2,480.65
<small>These loans are secured, entirely, by assignment of our own shares.</small>	
Other Loans	1.00
<small>Granted at \$1.00 each.</small>	
Properties sold on Contract	380,973.37
Stock in Federal Home Loan Bank	200,000.00
<small>Membership in this Federal System provides a long term working capital at a nominal interest rate, when desired.</small>	
Investments and Securities	1,832,537.50
Office Building, Depreciated	112,000.00
<small>This building and site is entirely free from debt.</small>	
Furniture and Fixtures, Depreciated	1.00
Deferred Charges	6,581.95
Cash on Hand and in Banks	268,799.73
	\$8,170,444.05

LIABILITIES

Members' Share Accounts.....	\$7,202,358.13
Borrowed Money	None
Loans in Process.....	73,079.49
Other Liabilities	21,903.11
Specific Reserves	34,962.18
General	
Reserves	\$150,000.00
Federal Insurance Reserve	183,159.10
Undivided Profits	504,982.04
	838,141.14
	\$8,170,444.05

118 Consecutive Semi-annual Dividends paid since 1888

Exhibit 81—Deposition of J. H. Weatherwax 1167a

EXHIBIT 81

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(43) Mr. Butzel: I would like to make some stipulations. It is stipulated by and between counsel for the respective parties that this deposition may be taken by agreement by the respective counsel for the respective parties with the consent of the witness; that the reading and signing of the deposition, by the witness are waived; and may there be a stipulation between counsel that a general objection will be entered on behalf of each of the parties to any of the line of testimony introduced here, is that correct, Mr. Dexter?

Mr. Dexter: That is correct. Our objection is more general than yours would be. We object to the materiality and relevancy of any testimony that Mr. Weatherwax would give at all.

.

WEATHERWAX, MR. JOHN H., being first duly sworn by the notary to tell the truth, the full truth, and nothing but the truth, was examined, and testified as follows:

Direct Examination

By Mr. Butzel:

Q. Will you state your full name, Mr. Weatherwax?

A. John H. Weatherwax.

Q. Where do you live?

A. Grand Rapids, Michigan.

Q. Your deposition is being taken pursuant to a subpoena served upon you, is that correct?

(44) A. That is right.

1168a Exhibit 81—Deposition of J. H. Weatherwax
Direct Examination

Q. What is your position with the West Side Federal Savings and Loan Association?

A. Secretary and manager.

Q. Who is president?

A. Peter C. Peterson.

Q. How long have you been in your present office?

A. The present office, I think fifteen years.

Q. Were you employed prior to that time?

A. Yes, sir.

Q. How long have you been continuously employed?

A. Twenty-five years.

Q. Where is the Association located?

A. 410 Bridge Street Northwest, Grand Rapids, Michigan.

Q. Is that where we are today?

A. Yes, sir.

Q. How long have you been located here?

A. Well, within this block, I think this is the 69th year right in this office, and then they were next door years ago.

Q. In other words, within this block you have been since your formation?

A. 1887, that is right.

Q. Were you organized in 1887?

A. Yes.

Q. Under a State Charter?

(45) A. Yes.

Q. And are you under a State Charter now?

A. We are under a Federal Charter.

Q. A Federal Home Loan Act charter?

A. Yes.

Q. When did you receive that Federal Charter?

A. 1938.

Q. At which time you gave up the State Charter, is that correct?

Exhibit 81—Deposition of J. H. Weatherwax 1169a
Direct Examination

A. Yes, sir.

Q. Do you have any branches?

A. No, sir.

Q. This is it?

A. Yes, sir.

Q. In what general area does your Association carry on business?

A. Metropolitan Grand Rapids.

Q. Is it outside Grand Rapids—do you limit it at all?

A. Well, metropolitan Grand Rapids, I mean, that is just in the area of the City, maybe a couple of miles outside the city, but what we call metropolitan Grand Rapids.

Q. So that most of your shareholders are located within this area also, is that right?

A. I would say the majority of them are.

.

(46) Q. I hand you Exhibit 2, and ask you to identify that please.

A. This is the savings book for savings members.

Q. Savings accounts?

A. Savings account holders, that is correct.

Q. I show you Exhibit 3 and ask you what that is?

A. That is the borrowers book for loans.

Q. Mortgage borrowers?

A. Yes.

Q. All right, I show you now Exhibit 1. Is that a copy of your Charter and By-Laws?

A. Yes, sir.

Q. In Exhibit 3, there are rules and regulations prescribing the conditions under which your Association operates, is that correct?

A. Yes.

Q. Were they the same as in 1952?

A. Yes, sir.

1170a *Exhibit 81—Deposition of J. H. Weatherwax*
Direct Examination

(47) Q. How does your Association obtain its capital?

A. Through the savings of the members.

Q. An accumulation of—

A. Accumulation of savings.

Q. And how are your shareholders or members rights represented?

A. By certificates of membership.

Q. By a certificate of membership?

A. Yes.

Q. Is that certificate included in Exhibit 2, the membership certificate?

A. Yes.

Q. Do you ever give out any other types of certificates representing an interest in the Association?

A. Yes, the savings certificates that we issue.

Q. How do they differ from this?

A. They are written in \$100 units and the dividends are payable by check.

Q. In other words, the same as this except it is separate?

A. Yes.

Q. —is that correct?

A. Yes.

Q. How many types of shareholders do you have in your Association?

A. Two.

(48) Q. What are they?

A. Savings members and borrowing members.

Q. How much must be invested to open an account and obtain a membership?

A. One dollar or more.

Q. That is, it must be one dollar?

A. Yes.

Exhibit 81—Deposition of J. H. Weatherwax 1171a
Direct Examination

Q. And anything more? Is there a limit on it?

A. No limit.

Q. There is no ceiling?

A. No.

Q. Does it require multiples?

A. No, sir.

Q. Nothing of that sort?

A. No.

Q. Are these investments accepted at any particular time or at any time?

A. At any time.

.

Q. I again ask you to look at Exhibit 2 and identify it again for me, please.

A. This is the book of the savings accounts or savings (49) shares of members.

Q. I show you Exhibit 4; that is your financial statement of December 31, 1951?

A. Yes, sir.

Q. And it correctly represents the assets of your Association at that date?

A. Yes.

Q. And is that equally true on Exhibit 5 for the year ending December 31, 1952?

A. Yes, sir.

Q. And also correctly represents the condition of your institution as at that date?

A. Yes.

Q. Were both of these published?

A. Yes.

Q. Were they sent to your members?

A. Yes.

Q. In each of these exhibits under Liabilities there is an item entitled Savings Accounts. Do these consist of investments of your shareholders?

A. Yes, sir.

1172a Exhibit 81—Deposition of J. H. Weatherwax
Direct Examination

Q. And that is what it describes here?

A. Yes.

Q. In respect to each member, it would be likewise exhibited and reflected in their own savings book, is that correct?

(50) A. Yes, sir.

Q. Then on the Assets side, there are items, first mortgage loans, loans on savings property, property account, property sold on contract. These figures represent the indebtedness due from the various borrowing members?

A. Yes.

Q. And that, of course, would be reflected in the borrowers' books, is that right?

A. Yes.

Q. I show you Exhibit 3 and ask you to state what that is.

A. Exhibit 3 would be the mortgage loans, first mortgage loans.

Q. Mr. Weatherwax, can you give me the number of savings members that you have as of December 31, 1951, and as of December 31, 1952?

A. December 31, 1951, 1723 members.

Q. And December 31, 1952?

A. 1776 members on December 31, 1952.

Q. Could you tell me the difference between your shares and those of a commercial corporation of banking corporation?

A. Well, I would say that our shares are akin to a bank deposit.

Q. Rather than a typical stock share?

A. Rather than a commercial corporation.

Q. Do you deal directly—do you get to know most of (51) your members here?

A. Yes.

Exhibit 81—Deposition of J. H. Weatherwax 1173a
Direct Examination

Q. Would you be able to tell me whether these members come from any particular economic class in Grand Rapids and Greater Grand Rapids; do they come from high income?

A. I would say they come from all classes.

Q. You have come to that conclusion from your knowledge and contact and discussion with them, is that correct?

A. Yes.

Q. Are there any conditions normally imposed by your Association on the withdrawal of funds invested by savings members?

A. No, sir.

Q. How are your dividends determined?

A. They are determined out of income by the board of directors after operating expenses and proper allotment to reserves.

Q. Well, I suppose the dominant factor is earnings?

A. That is right, income or earnings.

Q. How are the dividends paid after they are declared?

A. They are credited to the savings share book accounts; they are mailed on the certificate accounts and they are payable on June 30th and December 31st of each year.

Q. When they are mailed, I suppose they are mailed in a check?

A. In check form.

Q. Are you your own depository or do you deposit in another bank?

A. We deposit in another bank.

Q. May the dividend be taken in cash or credited?

A. Taken in cash or credited.

Q. At the option of the member?

A. At the option of the member.

1174a Exhibit 81—Deposition of J. H. Weatherwax
Direct Examination

Q. Now speaking of 1952 and of course my question unless otherwise worded applies to it always, what was the dividend rate?

A. Two and one-half percent per annum.

Q. If a savings account is withdrawn before the dividend payment period, do you pay a pro-rata part?

A. No.

Q. You do not?

A. No.

Q. Do you loan only to members?

A. Yes.

Q. It is restricted to members, is that correct?

A. That is right.

Q. What procedure do you follow when a person seeks a loan from your Association?

A. They file an application and their credit and income is investigated. The property is appraised and it then goes to the Board for approval or rejection.

Q. Do you have a copy of the application form?

(53) A. Yes, sir, this is attached to it.

(Exhibits 6-A and 6-B were marked by the reporter at this time.)

Q. Exhibits 6-A and 6-B constitute the application for a loan, is that correct?

A. Yes, sir.

Q. Based upon the information that you secure from this and other sources, you investigate the financial ability, is that correct?

A. Yes, sir.

Q. What types of collateral are taken for your loans?

A. Real estate security, homes.

Q. Is that the only form of security you take, home real estate?

Exhibit 81—Deposition of J. H. Weatherwax 1175a
Direct Examination

A. Yes, sir.

Q. Is it restricted? That is the only type your organization loans on?

A. Yes.

Q. Residential real estate?

A. That is correct.

Q. I notice on your statements for both years loans on savings accounts. Would you explain that, please, for me, Mr. Weatherwax?

A. Those are loans taken out by savings members against their accounts, otherwise known as share loans.

(54) Q. Is it restricted?

A. To the amount of the account, yes.

Q. Do they make a written application?

A. They sign a note.

(Exhibit 7 was marked by the reporter at this time.)

Q. Exhibit 7, which has just been marked, is the form of an obligation or note used by these people in making such loans, is that correct?

A. Yes, sir.

Q. At the time any such loans are made, does the applicant file an application for membership?

A. Well, they have already been a member.

Q. —on your ordinary mortgage loans when they come in?

A. There is a certificate of membership for the loans.

Q. Do you have it here, the certificate for membership for the loan?

A. Yes, here it is.

(Exhibit 8 was marked by the reporter at this time.)

Q. Will you explain Exhibit 8 to me; who uses that, and when?

1176a Exhibit 81—Deposition of J. H. Weatherwax
Direct Examination

A. The borrower uses it at the time of the closing of the loan.

Q. For a mortgage?

A. For a mortgage loan.

Q. At the time a person wants to become an investor, (55) he likewise makes an application?

A. He makes an application.

Q. Do you have a form for that?

A. Yes.

(Exhibit 9 was marked by the reporter at this time.)

Q. I show you Exhibit 9 and ask you if that is the membership application for your investor?

A. Savings share investors, yes.

Q. Do you have any savings account members or borrowing members other than individuals, in other words, corporations or partnerships?

A. Yes.

Q. And trusts, fiduciaries, and so forth?

A. Yes.

Q. Are they both savings and borrowing members?

A. Savings.

Q. Savings only?

A. Yes.

Q. Was that true in 1952?

A. Yes, sir.

Q. Could you explain to me the item appearing on Exhibits 4 and 5, your financial statements, identified as property sold on contract? What would such assets consist of?

A. Those are land contracts with titles held by the Association, property sold on contract.

(56) A. Those are land contracts?

A. Yes, that is correct.

Q. What type of properties are they?

Exhibit 81—Deposition of J. H. Weatherwax 1177a

Direct Examination

A. Residential.

Q. All are residential?

A. Yes.

Q. Do you make any loans without collateral?

A. No, sir.

Q. Have you a record of loans closed during the years 1946 through 1952?

A. Yes, sir.

Q. Would you be able to indicate to me in terms of numbers by the year and by the amounts?

A. Yes, sir.

Q. Could you give it to me for the year 1946?

A. Loans made in 1946?

Q. Mortgage loans, yes.

A. Mortgage loans eleven for construction of homes. The amount is \$41,240.95. You want the cents also?

Q. Yes.

A. 74 loans made for the purchase of homes in the amount of \$340,128.09. 45 made for the refinancing of homes in the amount of \$114,039.20; sixteen made for the reconditioning of homes, in the amount of \$19,512.28; eighteen loans for other purposes, in the amount of \$50,466.30; or a total of 164 total mortgage loans in the amount of \$565,386.82.

(57) Q. Now, you were reading those figures from a memorandum, is that correct?

A. Yes.

Q. Was that prepared by you?

A. Prepared by me, taken from the minutes of the corporation.

Q. Are there also set forth similar figures for the subsequent years through 1952?

A. Yes, sir.

Q. Could I have those, please?

A. Yes.

1178a Exhibit 81—Deposition of J. H. Weatherwax
Direct Examination

(Exhibits 10-A and 10-B were marked by the reporter at this time.)

Q. I show you Exhibits 10-A and 10-B and ask you to state on the record the total number of mortgages given each subsequent year without breaking them down into categories, and the total number of dollars.

A. The total loans made in 1946, 164 loans in the amount of \$565,386.82

Total loans made in 1947, 233 loans in the amount of \$950,526.11.

Total loans made in 1948, 202 loans in the amount of \$691,358.31.

Total loans made in 1949, 204 loans in the amount of \$658,011.39.

(58) Total loans made in 1950, 215 loans, in the amount of \$711,273.69.

Total loans made in 1951, 184 loans, in the amount of \$599,332.34.

Total loans made in 1952, 193 loans in the amount of \$669,008.54.

Q. There is sufficient information on these exhibits so that we could determine percentage-wise the various purposes for which the mortgages have been granted?

A. Yes, sir.

Q. Do you take FHA mortgages?

A. No, sir.

Q. Did you in 1952?

A. No, sir.

Q. Therefore, all your loans are the so-called conventional type?

A. That is correct.

Q. Do you use the open end mortgage at all?

A. No.

Exhibit 81—Deposition of J. H. Weatherwax 1179a
Direct Examination

Q. None at all?

A. No, sir.

Q. What is the normal rate of interest that you charge?

A. Five percent.

Q. What is the normal term of a mortgage?

A. The normal term is anywhere from ten to twenty (59) years maximum.

Q. What would be the minimum period?

A. Ten years.

Q. That is your practice?

A. That is right.

Q. There is no requirement?

A. No.

Q. —no requirement that it be ten?

A. No.

Q. It could be one?

A. That is right, but the practice is generally one percent a month. You figure it ten years and ten months.

Q. So that all repayments are done on a monthly basis?

A. Yes, sir.

Q. What other charges are made in connection with your mortgages?

A. Well, there is the appraisal fee, recording fees, title examination.

Q. In 1952 what would it be? What would it amount to?

A. I would say \$25 to \$30.

Q. Now after the borrowers come to you and apply for a loan and fill out the necessary application for a loan and for membership, and the loan has been approved, what else is the borrower required to do other than to repay?

A. Nothing except to pay the loan up.

1180a Exhibit 81—Deposition of J. H. Weatherwar
Direct Examination

(60) Q. There is no further obligation other than that?

A. No.

Q. Is he required to invest any amount in your Association?

A. No.

Q. Do you have a safety deposit box service here?

A. We did in 1952 in a minimum way for members only, but since that, we have gotten out of the safety deposit box business.

Q. Do you provide facilities for money orders or travelers checks?

A. No, sir.

Q. Do you permit savings by mail?

A. Yes.

Q. Christmas and vacation funds?

A. No, sir.

Q. Do you have checking accounts?

A. No, sir.

Q. Consumer Credit loans?

A. No, sir.

Q. Do you advertise?

A. Yes, sir.

Q. In 1952 did you advertise?

A. Yes.

Q. Did you advertise a substantial amount?

A. In 1952 we were running an inch a day.

(61) Q. In the local papers?

A. Yes.

Q. Have you any copies?

A. This is the only copy I could find, and I know it is 1952.

Q. May I see it, please?

A. Yes.

Q. You ran an inch a day?

A. That is right, at that time.

Exhibit 81—Deposition of J. H. Weatherwax 1181a
Direct Examination

Q. Are these different ads but the same—

A. Those are the same ad, but one was in the Press and I think the other was in the Herald.

Q. Different papers?

A. Yes.

Q. So one, if I have it marked as an exhibit, would represent your advertising in Grand Rapids papers in 1952?

A. Yes, sir.

(Exhibit 11 was marked by the reporter at this time.)

Q. Do you do any radio advertising—or did you in 1952?

A. No, sir.

Q. This is the only advertising? (referring to Exhibit 11).

A. Yes.

Q. Did you send out any printed pamphlets or brochures?

A. No.

Q. Did you do any television advertising?

(62) A. No.

Q. In 1952, what taxes did you pay to the State of Michigan?

A. Intangible tax.

Q. On what did you pay the intangible tax?

A. On the aggregate of our savings accounts.

Q. Do you have a copy of your tax bill for that year?

A. I do. I have the original right here.

(Exhibit 12 was marked by the reporter at this time.)

Q. I hand you this again, that is your copy of the original sent in; it isn't what you sent in?

1182a Exhibit 81—Deposition of J. H. Weatherwax
Direct Examination

A. No, it is our copy of the original sent in with the check.

Q. Will you state on the record how much you paid?

A. \$1712.13.

Q. Have you a receipt evidencing that payment?

A. We have the cancelled check.

Q. Only the cancelled check?

A. Yes.

Q. Do you know on what rate you paid this tax?

A. Forty cents per thousand.

Q. Did you pay any other taxes? I have asked before whether you paid the State of Michigan any other taxes in 1952. Now did you pay any other taxes in 1952?

A. We paid local real estate taxes.

(63) Q. You did?

A. Yes.

Q. Do you have the amount of that?

A. Yes, sir. Do you want the total? They are broken down into two parts, the summer tax and the winter tax. The summer tax which is the city and the school tax is \$130.27; and the winter tax which is the county tax is \$27.24.

Q. Any other taxes?

A. Not in 1952, no, sir.

Q. Did you pay any workmen's compensation?

A. Not in 1952.

Q. Did you pay any federal income tax?

A. We are subject to federal income tax.

Q. But you didn't pay any?

A. Not in 1952.

Mr. McShane: You paid the withholding and social security, didn't you?

The Witness: Withholding, yes.

Exhibit 81—Deposition of J. H. Weatherwax 1183a
Cross Examination

Mr. McShane: And the social security?

The Witness: They said they didn't want the federal tax; that is my understanding, is that correct?

Mr. Butzel: That is correct.

The Witness: That is federal tax. You are asking about state and local.

Q. (By Mr. Butzel): In connection with your mortgages, (64) you record those, don't you?

A. Yes.

Q. So they would be recorded in the—

A. They are recorded in the court house of Kent County.

(Discussion off the record at this time.)

Mr. Butzel: Will you put on the record that Mr. Dexter will secure for us a copy of the Michigan Intangible tax return for the year 1952?

I think that is all.

Cross Examination

By Mr. Dexter:

Q. Mr. Weatherwax, may any of the savings or investment shares be assigned?

A. Yes, they may.

Q. In order for them to be assigned, is it necessary to get the consent of your Association?

A. Yes, sir, in the final analysis it would have to be with our consent.

Q. It would have to be with your consent?

A. Yes.

Q. May these shares be redeemed or repurchased at the option of the Association?

A. Yes.

Q. Do you reserve the power to refuse anyone who wishes to become a shareholder?

1184a Exhibit 81—Deposition of J. H. Weatherwax
Cross Examination

(65) A. No, sir.

Q. Have the stockholders and directors expressly authorized by resolution all types of business activity in which your Association engages?

A. By acts of the officers and directors, yes.

Q. What cash reserves and deposits are you required to keep by law?

A. Six percent.

Q. Do you have any other sources of capital other than the investments of your members?

A. Just the reserves and surplus but—

Q. It all comes from investments of your members?

A. Yes.

Q. Do you guarantee dividends to your depositors?

A. No, sir.

Q. Do your depositors or shareholders have the legal right to withdraw their deposits on demand?

A. It is an obligation of ours to take care of them but not on demand.

Q. Do they have the legal right to withdraw their deposits in accordance with your by-laws and in accordance with their certificates of membership?

A. No, not in the main, no.

Q. Are your depositors or investors as you wish to call them so-called creditors of your Association?

A. They are shareholders.

Q. Where do you keep the cash you are required to have on hand for business needs?

A. We keep our cash with the local bank and with the Federal Home Loan Bank.

Q. Do you keep it in regular commercial accounts here locally?

A. That is right.

Q. And what is the nature of the account with the Federal Home Loan Bank?

Exhibit 81—Deposition of J. H. Weatherwax 1185a
Cross Examination

A. The type of account, you mean?

Q. Yes.

A. A time-deposit account.

Q. Do you maintain any other kind of deposits in commercial banks?

A. No, nothing other than our commercial account.

Q. What is the local bank in which you keep your commercial account?

A. The Old Kent Bank and Union Bank.

Q. Old Kent Bank and the Union Bank?

A. Those two banks, yes.

Q. You have two banks?

A. Yes.

Q. And in both of them you keep a commercial account?

A. Yes.

(67) Q. Do you require a financial statement from the borrower before loaning money to him?

A. Yes, sir.

Q. Primarily are your loans made to individuals?

A. Yes, sir.

Q. Do you loan any money to finance companies?

A. No, sir.

Q. What percentage of your loans are secured by mortgages on residential property?

A. What percentage of our loans?

Q. Yes.

A. On residential?

Q. Yes.

A. Practically all of them. We don't make any loans on commercial properties.

Q. It is all residential?

A. Yes, all residential property.

Q. Do you loan money secured by chattel mortgages on automobiles?

1186a Exhibit 81—*Deposition of J. H. Weatherwax*
Cross Examination

A. No, sir.

Q. Do you secure loans by accepting shares of stock as collateral?

A. No.

Q. Bills of lading?

A. No.

(68) Q. Fungible goods?

A. No.

Q. Assignment of accounts receivable?

A. No, sir.

Q. Do you make any unsecured loans on the strength of a borrower's financial statement?

A. No, sir.

Q. How large a percentage of the current market value of the security will you loan?

A. Our maximum is seventy-five percent. Probably the average loan would be sixty percent or two-thirds.

Q. Now these questions that I have asked you thus far, and will continue to ask you, all relate to 1952.

A. Yes.

Q. But you will loan up to seventy-five percent, is that correct?

A. We can.

Q. —of its current value?

A. We can.

Q. And you have done that substantially in 1952?

A. I wouldn't say substantially, but we have done it.

Q. Basically it would be two-thirds?

A. I would place it more at two-thirds, yes.

Q. How are the loans that you make amortized?

A. Monthly.

(69) Q. Do you make any straight mortgage loans?

A. No.

Q. You make no open end loans, you said?

Exhibit 81—Deposition of J. H. Weatherwax 1187a
Cross Examination

A. That is correct.

Q. What provisions are made in your mortgages concerning prepayment?

A. They can make pre-payments on them.

Q. Do you sell or assign any of your mortgages?

A. No, sir.

Q. Once the mortgage and mortgage note are signed, how are the funds then made available to the borrower?

A. They are paid to them by check.

Q. And that check would be drawn on your commercial account?

A. That is right.

Q. Is there any penalty involved in case of prepayment of your mortgage?

A. We use a pre-payment penalty during the first year of ninety days interest, if the total is paid in full.

Q. But after that?

A. After that, no penalty whatsoever.

Q. Now remembering that we are talking about the year 1952, to your knowledge, what was the situation of the mortgage money market during that year? In other words, was there a lot of surplus?

(70) A. In 1952, I would say that the demand was heavier than the money available.

Q. And that demand would be on very desirable property to loan on if you had the money?

A. That is right.

Q. To your knowledge, that was generally true in the Grand Rapids area?

A. Yes.

Q. Will you describe briefly the nature of the governmental supervision of your Association?

1188a Exhibit 81—Deposition of J. H. Weatherwax
Cross Examination

A. Would you restate the question; I didn't get it.

Q. Describe briefly the governmental supervision of your Association.

A. We are a member of the Federal Home Loan Bank of Indianapolis and they examine our records supposedly once a year.

Q. You are not a member of the federal reserve system?

A. No.

Q. Or the Federal Deposit Insurance Corporation?

A. No.

Q. What agencies of the government if any insure your stockholders?

A. The Federal Savings and Loan Insurance Corporation.

Q. What provisions or procedure is made in your by-laws for paying off investors in the event of emergency, that is, if there is more demand for your cash than you have available, demand by (71) depositors?

A. Well, we can use the Federal Home Loan Bank if it is for borrowing purposes. We are allowed to borrow up to fifty percent of our total savings, and then along with our liquidity which at that time was running 24 percent, that is practically 75 percent right there, that we would be liquid.

Q. But if you had a demand over and above that, what is the procedure?

A. Well, that is not believable that you would have anything of that nature.

Q. Speaking in terms of what is required, not what might happen.

A. Well, with the amount of liquidity that we carry and the amount that we are able to get from the Federal Home Loan Bank system and the repayment of monthly mortgages, it is not believable to me that

Exhibit 81—Deposition of J. H. Weatherwax 1189a
Cross Examination

there would be anything of that nature, I mean, with that amount of liquidity.

Q. I am asking you, if there were not that liquidity, what would be the processes that are necessary?

A. For the people to get their money?

Q. Yes.

A. Well, we could go on application; we could ask for the intent to withdraw, notice of withdrawal.

Q. And after that is received and you still can't, what do they have to do?

(72) A. Well, I don't get you there now.

Q. Is that procedure spelled out in your by-laws?

A. Yes, it is.

Q. —which I was referring to?

A. Yes.

Q. And that would be the procedure that you would follow in case there was a demand for cash by the depositors that you could not meet?

A. That is right.

Q. —after the required notice is given to you?

A. Yes.

Mr. McShane: By the shareholders.

The Witness: That is right.

Q. (By Mr. Dexter): How many employees did you have in 1952?

A. Four including myself.

Q. Very quickly now, do you do any of the following, issue letters of credit?

A. No, sir.

Q. Issue travelers checks?

A. No, sir.

1190a Exhibit 81—Deposition of J. H. Weatherwax

(74)

Re-direct Examination

By Mr. Butzel:

Q. In 1952, did you ever invoke the right to require your investors to wait any period before withdrawing funds?

A. No, sir.

Q. Between the period of 1946 and 1952, did you ever?

A. No, sir.

Q. Have you ever since?

A. No, sir.

Mr. Butzel: That is all.

Re-cross Examination

By Mr. Dexter:

Q. I have one more question that I would like to ask you. You stated that you were more or less generally familiar with your investors or depositors or members. Do you say that primarily your loans were made to purchase homes that would be occupied by your borrowers?

A. By the borrowers, yes.

Q. Would you say that in your understanding, that is the primary purpose of your organization?

A. Yes.

Q. Would you further state to your knowledge that was the primary purpose of establishing the Federal Home Loan Bank System?

A. Yes, sir.

Mr. Dexter: That is all,—or let me ask you this, Mr. (75) Weatherwax, would you explain the functions of your relationship with your depositors through the Federal Savings and Loan Insurance Corporation?

Exhibit 81—Deposition of J. H. Weatherwax 1191a
Re-cross Examination

A. I don't understand the question the way it is stated.

Q. As I understand it, Mr. Weatherwax, the Federal Savings and Loan Insurance Corporation insures your members, is that correct?

A. That is correct.

Q. Now would you explain the nature of that insurance in protecting your members as well as the other safeguards provided for your members as spelled out in the Federal Savings and Loan Act as contained in your articles of incorporation and your by-laws.

A. Well, the accounts are insured by the Federal Savings and Loan Insurance Corporation to the extent of \$10,000 per account, which means that the individual may have an account in the amount of \$10,000, and a husband may have an account insured for \$10,000 or the wife may have an account insured for the maximum of \$10,000, so under those circumstances a couple can be insured to the extent of \$30,000.

.

(76) Q. Let me reword it. Suppose an investor comes in in the normal course of events and asks for a withdrawal of his funds. Now as I understand it from your previous testimony, you could withhold that request at that time until there was actually a formal notice served. What would be your procedure after that?

A. Well, may I read from the charter and by-laws?

Q. Yes.

A. (Reading): The Association shall have the right to repurchase the share account at any time upon application therefor and to pay to the holders thereof the repurchase value thereof. Holders of share accounts shall have the right to file with the Association their written applications to repurchase their share accounts in part or in full at any time upon the filing

1192a Exhibit 81—Deposition of J. H. Weatherwax
Re-cross Examination

of such written application to repurchase; the association shall number and file the same in order received and shall either pay the holder the repurchase value of the share account in part or in full as requested or thirty days from receipt of such application to repurchase and apply at least one-third of the receipts of the Association from holders of share accounts and borrowers to the repurchase of such share accounts in numerical order.

Q. What is the term that is used to describe that required rotation?

A. Notice of intent to repurchase.

Q. The requirement that you are going to pay out on a (77) pro-rata basis—

A. That is called "going on notice". We call that notice of intention to withdraw or going on notice.

Q. Is not the method used to repurchase shares under such circumstances referred to as a "take your turn" provision?

A. No.

Q. Have you ever referred to it as that?

A. No, sir.

Q. But that is really what is required, isn't it, in case of insolvency or in case of an excessive demand, that you will pay out to—

A. The repurchase applications are filed in numerical order and they are paid that same way.

Q. Do you pay them out in numerical order?

A. That is correct.

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65th Annual Statement of Condition

West Side Federal Savings and Loan Association

Grand Rapids, Michigan

December 31, 1952

1071 E. 81 E.
7/2/54 JFW

ASSETS

First Mortgage Loans	\$2,808,251.00
Loans on Savings Accounts	46,811.43
Properties Sold on Contract	693,190.55
Real Estate Owned and in Judgment	2,246.75
Stock in Federal Home Loan Bank of Indianapolis	70,000.00
Investments and Securities	754,031.22
Cash on Hand and in Banks	381,760.26
Office Building and Equipment less depreciation	2,199.41
Deferred Charges and Other Assets	874.48

\$4,759,365.10

LIABILITIES

Savings Accounts	\$4,280,331.46
Loans in Process	13,860.24
Other Liabilities	372.02
Unearned Profit on Real Estate Sold	676.99
Specific Reserves	1,013.56
General Reserves	\$279,244.29
Surplus	183,866.54

463,110.83

\$4,759,365.10

Exhibit 81-E

1193a

EXHIBIT 81-J

WEST SIDE FEDERAL SAVINGS & LOAN
ASSOCIATION410 Bridge Street N. W.
Grand Rapids, Michigan

LOANS MADE—1952

10	Construction	\$ 68,700.00
25	Purchase	103,500.00
72	Refinance	281,475.00
86	Other purposes	215,333.54
<hr/>		
193	Total loans	\$669,008.54

60th Annual Statement of Condition

West Side Federal Savings and Loan Association

Grand Rapids, Michigan

December 31, 1947

ASSETS

First Mortgage Loans	\$1,516,628.91
Loans on Passbooks and Certificates	4,716.27
Other Loans	1.00
Properties Sold on Contract	568,470.63
Real Estate Owned and in Judgment	None
Investments and Securities	227,560.00
Cash on Hand and in Banks	77,152.72
Office Building and Equipment, less depreciation	2,251.00
Deferred Charges and Other Assets	347.74

\$2,397,128.27

LIABILITIES

Members' Share Accounts	\$2,079,113.65
Shares Pledged on Mortgage Accounts	None
Advances from Federal Home Loan Bank	50,000.00
Borrowed Money	None
Loans in Process	32,022.33
Other Liabilities	9,002.69
Specific Reserves	816.95
General Reserves	\$143,089.17
Undivided Profits	83,083.48
	<u>226,172.65</u>
	<u>\$2,397,128.27</u>

Exhibit 82-B

1195a

Handwritten notes:
1/2-1/2
1/2-1/2
7/21/47
1/2-1/2
1/2-1/2

FINANCIAL STATEMENT OF

CAPITOL SAVINGS & LOAN COMPANY

LANSING OFFICE

December 31, 1952

ASSETS

First Mortgage Loans - Conventional	\$4,245,221.97	
B. Y.	676,249.20	
F.H.A.	<u>459,982.36</u>	\$5,381,453.53
Home Purchase Contracts		673,808.01
Share Loans		121,572.02
Interest in Process of Collection		5,715.53
Home Office - less depreciation		258,273.32
Furniture, Fixtures & Equipment - less depreciation		13,142.97
Prepaid Expenses		7,524.97
Miscellaneous Assets		2,719.72
Federal Home Loan Bank Stock		400,000.00
United States Government Securities		1,330,212.00
Other Investment Securities		3,950.00
Cash on Hand and in Banks		<u>1,296,143.54</u>
		<u>\$9,494,515.61</u>

LIABILITIES

Shareholders' Accounts including Dividends Credited	\$5,809,245.98
Loans in Process	51,622.10
Tax and Insurance Escrow Accounts	1,699.09
Unapplied Credits	712.19
Miscellaneous Liabilities	16,391.48
Contingent Profit on Real Estate Contracts	20,211.54
Reserve for Interest Uncollected	5,715.53
Legal Reserve and Undivided Profits	<u>3,588,917.70</u>
	<u>\$9,494,515.61</u>

4875
7/14/55
[Signature]

Exhibit 88
Capital Savings and Loan Association

1197a

LOANS MADE
IN LANSING AREA
DURING 1952

No.

295

Amount

\$1,270,556.10

Handwritten:
N/A
+
- X
88
w

DETROIT & NORTHERN SAVINGS & LOAN ASSOCIATIONFLINT BRANCH BALANCE SHEETDecember 31st, 1952ASSETS

Cash on Hand and in Banks		\$ 268,069.78
Loans-First Mortgages on Homes	1,408	4,485,173.49
-G. I. Mortgage Loans	373	1,829,756.95
-D. & N. Certificates	6	5,648.53
-Land Contracts	5	4,658.24
-Purchased Land Contracts	119	463,411.24
Land & Office Buildings		\$ 82,035.63
Less-Reserve for Depreciation		15,561.80
Furniture, Fixtures & Equipment		\$ 8,651.22
Less-Reserve for Depreciation		4,114.63
Other Assets		4,536.59
		<u>2,228.35</u>

TOTAL ASSETS\$7,129,956.36LIABILITIES

Installment Savings Shares	3,454	\$5,879,945.60
Fully Paid Shares	51	159,107.77
Mortgage Loan Advances in Process		170,186.31
Home Office Account		915,651.75
Specific Reserves		<u>5,064.93</u>

TOTAL LIABILITIES & RESERVES\$7,129,956.36

**

LOANS CLOSED AT THE FLINT BRANCH OFFICEDURING THE YEAR 1952

Conventional Mortgage Loans	330	\$1,563,906.29
G. I. Mortgage Loans	100	823,930.43
		<u> </u>
<u>TOTAL</u>	<u>430</u>	<u>\$2,387,836.72</u>

EXHIBIT 97.

BY-LAWS
of the

Saginaw Building and Loan Association
of Saginaw, Mich.

ARTICLE I.

OBJECT.

The object of this Association is to afford its members a safe and profitable investment for their weekly savings, which are loaned to the members only, and to facilitate the acquiring of homesteads.

ARTICLE II.

NAME AND LOCATION.

Section 1. This Association shall be known as The Saginaw Building and Loan Association of Saginaw, Mich.

Sec. 2. The principal place of business of this Association shall be in the City of Saginaw, Saginaw County, State of Michigan.

ARTICLE III.

CAPITAL STOCK.

Sec. 1. The authorized capital stock shall be five million dollars, and be divided into fifty thousand shares of the par value of one hundred dollars each.

Exhibit 97—By-Laws
Saginaw Building and Loan Association

Sec. 2: The stock may be divided and issued in series, at the discretion of the Directors as provided in section 6 of the Act under which this Association is incorporated.

Sec. 3. No member shall vote on more than 40 shares of stock, as provided in section 7 of the Act under which this Association is incorporated.

ARTICLE IV.

MEMBERS.

Sec. 1. Any person who has subscribed for one or more shares, on which the membership fee has been paid, signed the Charter and By-Laws, and obligated himself or herself to be governed by them and such other rules and regulations as may be adopted, shall be a member of the Association.

ARTICLE V.

BOARD OF DIRECTORS.

Sec. 1. The Board of Directors shall consist of twelve members, four of whom shall be elected at the annual meeting of the stockholders.

Sec. 2. The Board of Directors shall elect from their number a President, Vice President, Secretary-Treasurer and such other officers as may be deemed necessary.

ARTICLE VI.

POWERS AND DUTIES OF DIRECTORS.

Sec. 1. The Board of Directors shall exercise the general corporate powers of the Association, and at regular or special meetings thereof shall offer for sale the funds of the Association. They shall examine all securities offered for loans and approve or reject the same.

Exhibit 97—By-Laws
Saginaw Building and Loan Association.

1201a

Sec. 2. They may suspend or discharge for good cause any officer or employee of the Association, demand for inspection at any time, from any officer, all books, papers or other documents relating to the Association, and shall have the power to fill all vacancies and fix the salaries or other compensation of the members of the Board of Directors, and of all officers and employees, and shall apportion pro rata among the stockholders the expenses and losses of carrying on the business and the profits arising therefrom.

Sec. 3. In case of a vacancy in the Board, the same shall be filled by the remaining Directors until the next annual meeting, when such vacancy shall be filled by the Stockholders for the balance of the term. Should any Director fail to attend three consecutive regular meetings of the Board, his office may be declared vacant and such vacancy shall be filled as hereinbefore provided.

Sec. 4. Seven Directors shall constitute a quorum for the transaction of business.

Provided, that it shall take seven affirmative votes to loan money.

Sec. 5. They shall submit to the Stockholders at each annual meeting, a general statement of the business of the preceding year, and a report of the financial condition of the Association.

Sec. 6. The Directors present at any regular meeting, may in their discretion remit fines incurred by the non-payment of installments or interest.

Sec. 7. They may designate the depository for the money of the Association.

Exhibit 97—By-Laws
Saginaw Building and Loan Association

ARTICLE VII.

PRESIDENT AND VICE PRESIDENT.

Sec. 1. It shall be the duty of the President, or in his absence, the Vice President, to preside at all meetings of the Association and of the Board of Directors, sign all certificates of stock and all orders drawn for the payment of money ordered by the Board or needed by the Secretary under Sec. 5, of Art. 8 of these By-Laws.

Sec. 2. The President shall have custody of all bonds (except his own which shall be held by the Secretary) executed by the officers of the Association for the faithful performance of their duties.

Provided, that nothing herein contained shall in any way authorize the President, Vice President or any other officer of the Association to in any way hypothecate the securities of the Association.

ARTICLE VIII.

SECRETARY.

Sec. 1. It shall be the duty of the Secretary to attend all meetings of the stockholders and of the Board of Directors, and enter minutes of such meetings in a book of record kept for that purpose, and to receive all money paid into the Association and hand the same over to the Treasurer promptly, taking his receipt therefor, or to deposit the same to the credit of the Treasurer, in such banks as the Board of Directors may designate.

Sec. 2. He shall keep a correct account of the business of the Association, draw and sign all orders on the Treasurer, and do such work as properly appertains to his office, and such as shall be ordered by the Board.

Saginaw Building and Loan Association

Sec. 3. He shall receive from the Attorney, after being recorded, all deeds or other documents pertaining to the business of the Association, make proper entry of the same in a book kept for the purpose, and deposit them as the Board of Directors may order:

Sec. 4. He shall make to the Board of Directors on the second Tuesday of each quarter, a statement of the financial affairs of the Association and of the business of the preceding quarter and shall publish an annual statement in April of each year.

Sec. 5. He shall keep insured all interest the Association may have in any building or property liable to loss by fire; protect the interests of the Association in all tax sales or forfeitures, and for these purposes is authorized to draw on the Treasurer without previous action of the Board, and shall report the same at the next regular meeting.

Sec. 6. Upon retiring from office he shall turn over to his successor on demand, all books, money and papers in his possession belonging to the Association.

Sec. 7. He shall receive such compensation for his services as the Board of Directors may from time to time determine.

ARTICLE IX.

TREASURER.

Sec. 1. It shall be the duty of the Treasurer to receive from the Secretary all money paid to the Association, and deposit the same in the name of the Association in such banks as the Board of Directors may designate, and pay out such moneys only on the order of the Board of Directors, except as provided in Article 8, Section 5, of

Exhibit 97—By-Laws
Saginaw Building and Loan Association

these by-laws, signed by the Secretary and countersigned by the President, or in his absence by the Vice President or President pro tem.

Sec. 2. He shall keep a correct account of all money received and paid out by him, and on the second and fourth Tuesday of each month render them a full statement of the business of his office.

Sec. 3. At the expiration of his term of office he shall turn over to his successor on demand, all money, books, papers or other documents in his possession belonging to the Association.

ARTICLE X.

ATTORNEY.

Sec. 1. The Attorney, who shall be a member of the Association, shall examine all abstracts and records relating to the title to real estate offered as security for loans, and certify in writing to the Board of Directors all facts that may affect the interest of the Association in case such security is accepted; and the preparation and recording of all papers for loans shall be under his supervision, and he shall perform such other duties as pertain to his office, and receive such compensation as the Board shall authorize.

ARTICLE XI.

BONDS.

Sec. 1. The President, Vice President, Secretary, Treasurer and Attorney shall each furnish to the Association bonds to the amount of not less than one thousand dollars each for the faithful performance of their duties.

Exhibit 97—By-Laws
Saginaw Building and Loan Association

1205a

ARTICLE XII.

FEES AND INSTALLMENTS.

Sec. 1. Each subscriber to the capital stock of the Association shall pay a membership fee of twenty-five cents for each share of stock taken by him or her, and pay installments on same at the rate of twelve and one-half cents per share per week and pay twenty-five cents for a pass book: *Provided*, that the Board of Directors may in its discretion reduce or remit the fees for membership or passbook.

Sec. 2. Interest at the rate of 4 per cent per annum may be allowed on all advance installment dues paid and the Board may issue advance payment certificates therefor upon such terms as it may prescribe by resolution.

ARTICLE XIII.

LOANS.

Sec. 1. All loans shall bear interest at the rate of seven per cent. per annum, payable in equal weekly payments.

Sec. 2. At the regular meeting of the Board of Directors, the funds of the Association applicable for loans may be loaned to any member who shall apply therefor in writing and shall bid the highest premium for priority of right to a loan, or said funds may be loaned, in the discretion of the Board of Directors, either with or without premium as the applicant may in writing agree to pay, in which case the priority of right to a loan shall be decided by the priority of the application therefor.

Sec. 3. Borrowers shall give real estate security, unincumbered except by the prior liens held by the Asso-

*Exhibit 97—By-Laws
Saginaw Building and Loan Association*

ciation, accompanied by a transfer and pledge to the Association of the shares borrowed upon as collateral security for the repayment of the loan: *Provided*, that no loan made upon real estate security shall exceed in amount two-thirds of the valuation as appraised by the Board of Directors:

Provided, further, that the shares of said Association may be received as security for the loan of an amount not to exceed ninety (90) per cent. of the withdrawal value of such shares.

Sec. 4. At the option of the borrower, to be declared in his application for a loan, and subject to the approval of the Board of Directors, he may make a contract and mortgage to secure the same, stating and providing for the payment of a definite number of payments of dues, and interest on each one hundred dollars loaned, and if such application shall be approved by the Board of Directors, the definite number of weekly payments to be made for dues and interest shall be as follows:

No. of Weekly Payments,	Weekly Dues,	Weekly Interest,	Total,
572.	12½ Cts.	13½ Cts.	\$148.72

Provided, That if the borrower shall bid a premium for such loan, the Board of Directors shall, in its discretion, apportion and require payment thereof in such number of equal weekly payments as is stated in the application therefor:

Provided, Further, That when the Board of Directors has declared by resolution that the shares of the borrower, upon which the loan is based, have matured and are of the value of \$100 each, and the borrower has made all of his payments, thereupon all further definite pay-

Exhibit 97—By-Laws 1207a
Saginaw Building and Loan Association

ments shall cease and such share shall be cancelled and the securities given for such loan be discharged and surrendered:

Provided Further, That at the option of the borrower he may assign two shares of stock to the Association—one share in addition to the share borrowed upon—for each \$100 borrowed, and in that case his payments shall be as follows:

No. of Weekly Payments,	Weekly Dues,	Weekly Interest	Total,
335.	25 Cts.	\$3½ Cts.	\$128.97

The premium bid, if any, to be apportioned and paid as above provided.

Sec. 5. All loans shall be secured by mortgage upon real estate or upon the stock of the Association, and in addition to the above, such other security as the Board may require, within thirty days after preference has been obtained, and be submitted to the Board of Directors, and if accepted must receive the approval in writing of a majority of said Board; but in case the borrower shall neglect to offer security within thirty days, he or she shall be charged with one month's interest on the amount bid for, together with any expenses incurred.

Sec. 6. Whenever a loan is awarded for the purpose of purchasing real estate or erecting buildings thereon, the money shall remain in the treasury until the completion of the purchase or the erection of the buildings or may be advanced in installments, as the Board may order.

Sec. 7. Mortgages, or Trust deeds, shall secure the payments of weekly installments on the shares of stock

on which loans are made, the interest and premiums on said advances, the payment of all fines imposed according to the By-Laws of the Association, and all taxes, assessments, ground rents and fire insurance on the property mortgaged, together with all taxes on the mortgage.

Sec. 8. In case of the non-payment of one or more of the items enumerated in the foregoing section, for the space of four months after the same shall become due, payment thereof may be enforced according to law.

Sec. 9. All expenses incident to abstracts, examination of title, execution of papers and recording of same shall be paid by party offering the security.

Sec. 10. For every hundred dollars loaned, there shall be transferred to the Association, in addition to the mortgage, one share of its capital stock, as collateral.

ARTICLE XIV.

INSURANCE.

Sec. 1. All buildings upon real estate taken as security for loans shall be insured against loss by fire for the benefit of the Association, at the expense of the borrower, in such company or companies as shall be satisfactory to the Board of Directors. All policies of insurance shall run direct to the owner of the property, with the usual mortgage clause, making the loss, if any, payable to the Association as its interest may appear, and be deposited with the Secretary.

ARTICLE XV.

FINES AND FORFEITURES.

Sec. 1. Every member who shall neglect to pay his or her weekly installments at the time they may become due, shall pay to the Association a fine of one per cent. per month on each dollar in arrears.

Sec. 2. Every borrowing member who shall neglect to pay the interest on his loan, or any installment of premium, shall pay to the Association a fine of one per cent. per month on each dollar in arrears.

Sec. 3. If any borrowing shareholder shall be in arrears in the payment of dues, interest, or premium on his loan for more than four months the Board of Directors may declare the stock borrowed upon forfeited and cancelled and proceed to foreclose the mortgage, which shall at once become fully due and payable: *Provided*, that in case the loan is secured by pledge or transfer of the stock of the Association, at the expiration of the four months of default, the collateral stock may be forfeited and cancelled, the note or other obligation paid out of the proceeds and the surplus, if any, be paid over without interest to the party entitled thereto.

Sec. 4. If a shareholder be in arrears in the payment of dues upon unpledged shares, the Board of Directors may, if the shareholder fails to pay the amount in arrears within thirty days after notice, declare said shares forfeited, and the withdrawal value of said shares at the time of the forfeiture shall be ascertained and paid to such shareholders upon such notice as shall be required of a withdrawing shareholder.

Sec. 5. Every share of stock shall be subject to a lien for the payment of unpaid dues and such other charges

as may be lawfully incurred thereon, and such liens may be enforced as provided in Sec. 3 of this Article, as to borrowing shareholders, and as provided by Sec. 4 of this Article as to holders of unpledged shares.

ARTICLE XVI.

WITHDRAWALS.

Sec. 1. Any shareholder desiring to withdraw his unpledged shares from the Association shall have the privilege to do so by giving thirty days written notice of such intention, and shall be entitled to receive the full amount of dues paid in by him or her upon the shares to be withdrawn, and seventy-five per cent. of the profits apportioned thereto as shown by the books of the Association, less all fines and charges remaining unpaid, as provided in Sec. 6 of the Act under which the Association is incorporated. And the amount so ascertained shall be deemed the withdrawal value of such shares.

Sec. 2. When any series shall reach par value, the shares not loaned upon shall be treated upon the same basis as other stock on which notice of withdrawal has been given, and be paid in the order of its issue as provided in Sec. 6 of said Act, without interest after date of reaching par value.

ARTICLE XVII.

TRANSFERS.

Sec. 1. All transfers of stock shall be valid only when the original certificate shall have been surrendered, a new one issued therefor, and the purchaser has signed the Charter and By-Laws.

Saginaw Building and Loan Association

Sec. 2. No stock shall be transferred while the holder or owner thereof is in arrears to the Association.

Sec. 3. For each transfer of stock on the books a fee of 25 cents per share shall be paid by the party to whom the stock is transferred: *Provided*, such fee may be reduced or remitted by the Board.

Sec. 4. On satisfactory evidence to the Board of Directors that a certificate of stock owned by a member has been lost, stolen or destroyed, a duplicate may be issued in place of the original, but as a condition thereof the owner of the stock shall furnish the Association a sufficient bond of indemnity to save it harmless.

ARTICLE XVIII.

AUDITORS.

Sec. 1. At the close of each quarter the Auditing Committee shall audit the books of the Association and the accounts of the several officers, determine the value of the shares of stock, and promptly report the same to the Board of Directors.

ARTICLE XIX.

SALE OF STOCK, EARNINGS, RESERVE.

Sec. 1. The Board of Directors shall have power to dispose of stock of any series at such rate as they deem advisable, but in no case under the book value as shown by the books of the Association.

Sec. 2. The gross earnings of the Association shall be ascertained at least once in each year, from which shall be deducted a sufficient amount to meet the operating expenses of the Association, and from said earnings only shall such expenses be paid. From the balance of the

earnings there shall be set aside at least one per cent. annually as a reserve fund, until such fund reaches five per cent. of the outstanding loans, at which rate it shall thereafter be maintained and held by annual appropriations from the earnings. From said reserve fund shall be paid all losses sustained by the Association from depreciation of securities or otherwise. After providing for the expenses of the Association, and the reserve fund as aforesaid, the residue of such earnings shall be transferred and apportioned to the credit of shareholders.

ARTICLE XX.

MATURITY OF STOCK.

Sec. 1. When the books of the Association shall show that the shares in any series have reached par value, and the Board of Directors shall so declare by resolution to be entered upon its records, the holders of such shares shall be entitled to one hundred dollars for each share of stock held by them, and no profits or interest shall be allowed to such shares thereafter, and all borrowers of that series not in default, shall receive their mortgages cancelled and their securities shall be released: *Provided*, that upon the maturity of the stock of any series, the Association shall have six months grace or time in which to accumulate sufficient funds in the hands of the Treasurer with which to pay off the said matured stock of said series, and the Treasurer is hereby authorized to hold such funds so accumulated for such purpose and no other, and the Board of Directors shall have power to require an additional bond from the Treasurer during the time he shall hold such funds.

ARTICLE XXI.

MEETINGS.

Sec. 1. The annual meetings of the Association shall be held on the second Tuesday in May of each year.

Sec. 2. Special meetings may be convened by the Board of Directors, or by the secretary on the written application of seven members of the Association, stating the time and object of such meeting.

Sec. 3. Regular meetings of the Board of Directors shall be held on the second and fourth Tuesdays of each month. Special meetings may be called by the President or Secretary whenever the business of the Association may require, and notice thereof shall be given by mailing a notice stating the time, place and object of the meeting to each of the Directors properly addressed, at least twenty-four hours before the hour of meeting.

Sec. 4. From May to September inclusive, all regular meetings shall open at 8 p. m., and from October to April inclusive, at 7:30 p. m.

Sec. 5. All regular meetings of the Board of Directors shall be open to the stockholders and all minutes and proceedings subject to their inspection.

Sec. 6. Notice of the annual meetings and of any special meetings of the Association shall be published not less than twice in one of the daily newspapers of Saginaw.

Sec. 7. No stockholder shall be allowed to vote at such meetings who is in arrears to the Association.

Sec. 8. Ten members of the Association, including a majority of the Board of Directors, shall constitute a quorum at all annual or special meetings.

Exhibit 97—By-Laws
Saginaw Building and Loan Association

Sec. 9. It shall be the duty of every shareholder, or his or her legal representative, upon changing his or her postoffice address or residence, to immediately notify the secretary of the Association of his latest residence or postoffice address.

ARTICLE XXII.

ELECTIONS.

Sec. 1. The election of Directors shall take place at the annual meeting.

Sec. 2. Should no election take place at the annual meeting, another day may be fixed by the Board of Directors in manner as provided in Sections 2 and 6 of Article XXI of these By-Laws, and in such case the notice given shall not be less than ten days prior to such election.

Sec. 3. The books of subscription for stock and transfer shall be closed ten days before each annual meeting, or any special meeting, for the purpose of electing Directors, and remain closed until after the day fixed for such election.

Sec. 4. Each member shall have one vote, either in person or by proxy in writing, for each and every share that he or she may hold. No stockholder shall cast more than 40 votes.

ARTICLE XXIII.

AMENDMENTS.

Sec. 1. The By-Laws of this Association may be altered or amended at any annual or special meeting of the stockholders, as provided by Sec. 5 of the Act under which this Association is incorporated.

Exhibit 97—By-Laws 1215a
Saginaw Building and Loan Association

ARTICLE XXIV.

Sec. 1. All By-Laws of the Association heretofore existing are hereby repealed.

We the undersigned President and Secretary of The Saginaw Building & Loan Association of Saginaw, Mich., hereby certify that the foregoing were duly adopted at a meeting of the shareholders at the office of the Association, on the 2d day of July, 1901.

Peter Herrig, President.

H. R. Witt, Secretary.

DISCHARGE OF REAL ESTATE MORTGAGE 983 611

KNOW ALL MEN BY THESE PRESENTS, That a certain Mortgage, made by

day of June 1932, made and executed by John A. Smith and William M. Smith, his wife

in FAVOR OF MICHIGAN NATIONAL BANK, a National Banking Association
and recorded in the office of the Register of Deeds for the County of Washtenaw
in Book 975 of Mortgages on Pages 2 and 3 of the Record
in 1932

IN WITNESS WHEREOF, MICHIGAN NATIONAL BANK has caused this
Discharge to be signed by its
Assistant Vice President

day of September 1932

BY [Signature]

BY [Signature]

BY [Signature]

BY [Signature]

BY [Signature]

BY [Signature]

BY [Signature]

BY [Signature]

BY [Signature]

BY [Signature]

BY [Signature]

BY [Signature]

BY [Signature]

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BY [Signature]

BY [Signature]

BY [Signature]

BY [Signature]

BY [Signature]

BY [Signature]

RECORDED
INDEXED
MICHIGAN NATIONAL BANK
1932

REGISTERED
22 NOV 1932
CLERK OF COURT
JAMES A. SMITH
JAMES A. SMITH
JAMES A. SMITH

RECORDED
INDEXED
MICHIGAN NATIONAL BANK
1932

498
7-14-35
OK

**COMPARISON OF
TIME DEPOSITS IN MICHIGAN NATIONAL BANK
WITH
SHARES IN SAVINGS AND LOAN ASSOCIATIONS**

December 31, 1932

Attle Creek

Michigan National Bank		19,056,114	
Calhoun Federal Savings & Loan	10,512,930		
Industrial Savings & Loan	<u>5,970,038</u>	<u>16,482,952</u>	35,539,082

Flint

Michigan National Bank		16,079,249	
Detroit & Northern Savings & Loan (Flint Only)	6,039,053		
First Federal Savings & Loan	<u>6,516,204</u>	<u>12,555,257</u>	28,634,506

Grand Rapids

Michigan National Bank		14,931,397	
G. R. Mutual Federal Savings & Loan	15,496,286		
Mutual Home Federal Savings & Loan	12,658,070		
West Side Federal Savings & Loan	<u>4,280,331</u>	<u>32,434,687</u>	47,366,084

Lansing

Michigan National Bank		20,517,912	
Capital Savings & Loan (Lansing Only)	5,809,245		
East Lansing Savings & Loan	3,647,226		
Lansing Savings & Loan	<u>1,456,783</u>	<u>15,278,192</u>	35,796,102

Marshall

Michigan National Bank		6,089,480	
Marshall Savings & Loan	<u>612,913</u>		6,702,393

Port Huron

Michigan National Bank		19,828,026	
Citizens Federal Savings & Loan	<u>6,776,202</u>		26,604,231

Saginaw

Michigan National Bank		21,386,988	
Saginaw Savings & Loan	6,835,396		
First Savings & Loan	<u>14,491,055</u>	<u>21,326,451</u>	42,713,439

Combined

Michigan National Bank		117,889,166	
Savings & Loan Associations	<u>105,466,671</u>		<u>223,355,837</u>

COMPARISON OF
REAL ESTATE MORTGAGE LOANS OUTSTANDING
IN MICHIGAN NATIONAL BANK WITH
SAVINGS AND LOAN ASSOCIATIONS

December 31, 1952

Little Creek

Michigan National Bank		10,459,044	
Alhoun Federal Savings & Loan	9,207,234		
Industrial Savings & Loan	<u>5,069,130</u>	<u>14,276,364</u>	24,735,408

East

Michigan National Bank		12,050,649	
East & Northern Sav. & Ln. (Flint Only)	6,314,930		
East Federal Savings & Loan	<u>5,909,800</u>	<u>12,224,730</u>	24,275,379

East and Rapids

Michigan National Bank		7,404,648	
East Mutual Federal Savings & Loan	13,180,745		
Equal Home Federal Savings & Loan	11,475,270		
East Side Federal Savings & Loan	<u>2,808,251</u>	<u>27,464,266</u>	34,868,914

Lansing

Michigan National Bank		11,103,638	
Capitol Savings & Loan (Lansing Only)	5,381,453		
East Lansing Savings & Loan	3,442,267		
Lansing Savings & Loan	928,706		
Easton Building & Loan	<u>4,820,591</u>	<u>14,573,017</u>	25,676,655

Easthall

Michigan National Bank		1,733,460	
Easthall Savings & Loan		<u>639,901</u>	2,373,361

East Huron

Michigan National Bank		9,907,391	
East Huron Federal Savings & Loan		<u>6,360,036</u>	16,267,427

East Lansing

Michigan National Bank		9,138,093	
East Lansing Savings & Loan	5,811,923		
East Lansing Savings & Loan	<u>13,622,557</u>	<u>19,434,480</u>	<u>28,572,573</u>

East Livonia

Michigan National Bank		61,796,923	
East Livonia Savings & Loan Associations		<u>94,972,794</u>	<u>156,769,717</u>

59
11/15/58
2

EL 99

Exhibits 101 A-1 through 101 A-11 1217a(P)

EXHIBITS 101 A-1 through 101 A-11

Exhibit 101 A-1 consists of the documents comprising a sample F.H.A. mortgage loan made by the Michigan National Bank during 1952. It includes the Mortgage Note, the Mortgage, and the Mortgagee's Application for Mortgage Insurance.

Exhibit 101 A-5 consists of the documents comprising a sample Conventional mortgage loan made by the Michigan National Bank during 1952. It includes the Mortgage Note the Real Estate Mortgage, and the Application for Real Estate Mortgage.

Exhibit 101 A-9 consists of the documents comprising a sample V.A. mortgage loan made by the Michigan National Bank during 1952. It includes the Mortgage Note, the Mortgage, and the Application for Real Estate Mortgage.

Sixty-nine (69) similar sets of documents evidencing other sample F.H.A., Conventional and V.A. mortgage loan transactions by each office of the Michigan National Bank during the year 1952 were introduced at trial. But, to avoid unnecessary duplication, they have not been printed herein.

#1979 June 25

FD Form No. 9131

MORTGAGE NOTE

\$7,200.00

Flint, Michigan
February 4, 1952

FOR VALUE RECEIVED, The undersigned, jointly and severally, promise(s) to pay to the order of
MICHIGAN NATIONAL BANK, a National Banking Association

the principal sum of Seventy two hundred and no/100 - - - - -
Dollars (\$ 7,200.00), with interest from date, at the rate of four and one quarter
per centum (4 $\frac{1}{4}$ %) per annum on the unpaid balance until paid. The said principal and interest
shall be payable at the office of Michigan National Bank

at Flint, Michigan
or at such other place as the holder may designate in writing, in monthly installments of Forty four and
6/100 - - - - - Dollars (\$44.64 - -), commencing on the first day of
March, 1952, and on the first day of each month thereafter until the principal and
interest are fully paid, except that the final payment of the entire indebtedness evidenced hereby, if not
sooner paid, shall be due and payable on the first day of February, 1972.

In the event of default in payment of any installment under this note, and if such default is not made
good prior to the due date of the next such installment, the holder of this note may, without notice, at its
option declare all the remainder of said debt at once due and payable, and any failure to exercise said option
shall not constitute a waiver of the right to exercise the same at any time.

Demand, protest, presentment, and notice of nonpayment are hereby waived.

Frank E. Pycher
Frank E. Pycher
Alma P. Pycher
Alma P. Pycher

This is to certify that this is the note described in and secured by mortgage of even date and in the
same principal amount as herein stated and secured by real estate situated in the County of
State of Michigan.

Dated this Fourth day of February, 1952

Pp 101-A-1
7/1/58
JFW

[Signature]
Notary Public in and for the County of Cass
State of Michigan
My commission expires May 2, 1955

1219a

Exhibit 101 A-1^c
Sample F.H.A. Mortgage Note

This form may be used as the credit instrument in connection with mortgages to be insured under Section 2, Section 203, Section 208, and Section 209 pursuant to Section 604, of the National Housing Act, and in connection with "individual mortgages" to be insured under Section 210 and Section 211 of the National Housing Act.

STATE OF MICHIGAN

LOAN NO. 1381

Mortgage Note

Frank E. Pyscher and Alma P. Pyscher,
his wife

TO

MICHIGAN NATIONAL BANK

26-601456
203
of the National Housing Act
and Regulations of the
Federal Housing Commission
Aug. 15 1946
FEDERAL HOUSING COMMISSION
FEB 27 1952
Reference is made to the Act and to the Regulations promulgated
pursuant to the Act and to the Regulations promulgated
pursuant to the Act.

MORTGAGE
NTIC 941 PAGE 382
LIBER

THIS MORTGAGE made this Fourth day of February, 1952, between Frank E. Pyscher and Alma P. Pyscher, his wife, of the City of Flint, County of Genesee, State of Michigan, hereinafter referred to as the Mortgagor, and MICHIGAN NATIONAL BANK, a National Banking Association, a corporation organized and existing under the laws of United States of America, hereinafter referred to as the Mortgagee,

WITNESSETH: That the Mortgagor for and in consideration of the sum of Seventy two hundred and no/100 - - - Dollars (\$ 7,200.00), the receipt whereof is hereby acknowledged, and for the purpose of securing the repayment of said sum, with interest as hereinafter provided, and the performance of the covenants hereinafter contained, hereby mortgages and warrants unto the Mortgagee, its successors and assigns, the lands, premises, and property, situated in the City of Flint, County of Genesee, State of Michigan, described as follows, to wit:

Lot 13 Block 20 of Leeddale, according to the recorded plat thereof.

Exhibit 101 A-1-
Sample F.H.A. Mortgage

1220a

2
J. H. E. 101-A-1
7/19/58
BFW

SUCCESS: That he will promptly pay the principal of and interest on the indebtedness evidenced by the said note, at the times and in the manner there provided. Privilege is reserved to pay the debt in whole, or in an amount equal to one or more monthly payments on the principal that are next due on the note, on the first day of any month prior to maturity; provided, however, that written notice of an intention to exercise such privilege is given at least thirty (30) days prior to prepayment; and, provided further, that in the event the debt is paid in full prior to maturity and at that time it is insured under the provisions of the National Housing Act he will pay to the Mortgagee an adjusted premium charge of one per centum (1%) of the original principal amount thereof, except that in no event shall the adjusted premium exceed the aggregate amount of premium charges which would have been payable if the mortgage had continued to be insured until maturity; such payment to be applied by the Mortgagee upon its obligation to the Federal Housing Commissioner on account of mortgage insurance.

TERMS: That, in order more fully to protect the security of this mortgage, the Mortgagor, together with, and in addition to, the monthly installments of principal and interest payable under the terms of the note secured hereby, will pay to the Mortgagee the following sums:

- (a) If this mortgage and the note secured hereby are insured under the provisions of the National Housing Act and so long as they continue to be so insured, one-twelfth ($\frac{1}{12}$) of the annual mortgage insurance premium for the purpose of putting the Mortgagee in funds with which to discharge its obligation to the Federal Housing Commissioner for mortgage insurance premiums pursuant to the applicable provisions of the National Housing Act, as amended, and Regulations thereunder. The Mortgagee shall, on the termination of its obligation to pay mortgage insurance premiums, credit to the account of the Mortgagor all payments made under the provisions of this subsection which the Mortgagee has not become obligated to pay to the Federal Housing Commissioner.
- (b) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one month prior to the date when such ground rents, premiums, taxes, and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay said ground rents, premiums, taxes, and special assessments.
- (c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid by the Mortgagor each month in a single payment to be applied by the Mortgagee to the following items in the order set forth:
 - (I) premium charges under the contract of insurance with the Federal Housing Commissioner;
 - (II) ground rents, taxes, assessments, fire and other hazard insurance premiums;
 - (III) interest on the note secured hereby; and
 - (IV) amortization of the principal of said note.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good by the Mortgagor prior to the due date of the next such payment, constitute an event of default under this mortgage. The Mortgagee may collect a "late charge" not to exceed two cents (2¢) for each dollar (\$1) of each payment more than fifteen (15) days in arrears to cover the extra expense involved in handling delinquent payments.

FOURTH: If the total of the payments made by the Mortgagor under (b) of paragraph Third preceding shall exceed the amount of payments actually made by the Mortgagee for ground rents, taxes, or assessments or insurance premiums, as the case may be, such excess shall be credited by the Mortgagee on subsequent payments to be made by the Mortgagor. If, however, the monthly payments made by the Mortgagor under (b) of paragraph Third preceding shall not be sufficient to pay ground rents, taxes, and assessments, and insurance premiums, as the case may be, when the same shall become due and payable, then the Mortgagor shall pay to the Mortgagee any amount necessary to make up the deficiency, on or before the date when payment of such ground rents, taxes, assessments, or insurance premiums shall be due. If at any time the Mortgagor shall tender to the Mortgagee, in accordance with the provisions of the note secured hereby, full payment of the entire indebtedness represented thereby, the said Mortgagee shall, in computing the amount of such indebtedness, credit to the account of the Mortgagor all payments made under the provisions of (a) of paragraph Third hereof which the Mortgagee has not become obligated to pay to the Federal Housing Commissioner, and any balance remaining in the funds accumulated under the provisions of (b) of paragraph Third hereof. If there shall be any default under any of the provisions of this mortgage resulting in foreclosure or public sale of the premises covered hereby or if the Mortgagee acquires the property otherwise after default, the Mortgagee shall apply, at the time of the commencement of such proceedings or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under (b) of paragraph Third preceding as a credit against the amount of principal then remaining unpaid under said note and shall properly adjust any payments which shall have been made under (a) of said paragraph.

Exhibit 101 A-1
Sample F.H.A. Mortgage

1221a

NINTH: That he will pay to the Mortgagee forthwith the amounts of all sums of money which the Mortgagee shall pay or expend pursuant to the provisions, or any of them, hereinbefore contained, together with interest, upon each of said amounts until paid from the time of the payment thereof at the rate set forth in the note secured hereby, and such payments shall be a further lien on the premises under this mortgage.

TENTH: That should any default be made in the payment of principal or interest, or in the performance of any other covenant of this mortgage or the note secured hereby or any part thereof, when the same is payable or the time of performance has arrived, as above provided, then all the remainder of the aforesaid sum with all sums due hereunder shall at the option of the Mortgagee without notice become immediately payable thereafter, although the period above limited for the payment thereof may not have expired, anything hereinbefore or in said note contained to the contrary notwithstanding, and any failure to exercise said option shall not constitute a waiver of the right to exercise the same at any other time.

ELEVENTH: That no sale of the premises hereby mortgaged and no forbearance on the part of the Mortgagee and no extension of the time for the payment of the debt hereby secured given by the Mortgagee shall operate to release, discharge, modify, change or affect the original liability of the Mortgagor herein either in whole or in part.

TWELFTH: That upon default being made in the payment of the sums of money herein agreed to be paid or in the performance of any of the covenants or agreements herein contained according to the terms hereof or of the note secured hereby the Mortgagee is hereby authorized and empowered to sell or cause to be sold the property hereby mortgaged, and to convey the same to the purchaser, pursuant to the statute in such case made and provided, and out of the proceeds of such sale to retain the moneys due under the terms of this mortgage, the costs and charges of such sale and also the attorneys' fee provided by statute, rendering the surplus moneys (if any there should be) to the said Mortgagor. In the event of public sale, the mortgaged premises may, at the option of the Mortgagee, be sold in one parcel.

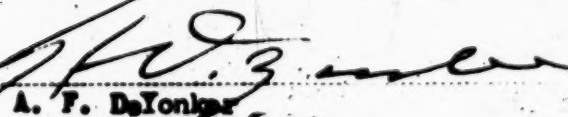
THIRTEENTH: The Mortgagor further agrees that should this mortgage and the note secured hereby not be eligible for insurance under the National Housing Act within from the date hereof (written statement of any officer of the Federal Housing Administration or authorized agent of the Federal Housing Commissioner dated subsequent to the time from the date of this mortgage, declining to insure said note and this mortgage, being deemed conclusive proof of such ineligibility), the Mortgagee or the holder of the note may, at its option, declare all sums secured hereby immediately due and payable.

FOURTEENTH: The Mortgagor covenants and agrees that so long as this mortgage and the said note secured hereby are insured under the provisions of the National Housing Act, he will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the basis of race, color, or creed. Upon any violation of this undertaking, the Mortgagee may, at its option, declare the unpaid balance of the debt secured hereby immediately due and payable.

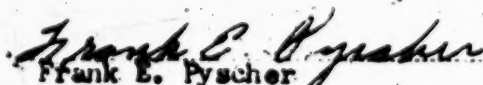
The covenants herein contained shall bind, and the benefits and advantages shall inure to, the respective heirs, executors, administrators, successors and assigns of the parties hereto. Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.


IN WITNESS WHEREOF the Mortgagor(s) has set their hand(s) and seal(s) the day and year first above written.

Signed, sealed, and delivered in the presence of


A. F. DeYonker


A. C. Smith

 [L. S.]
Frank E. Pyscher

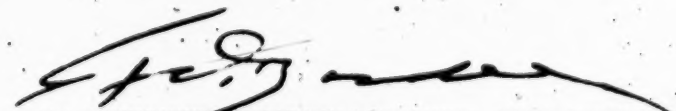
 [L. S.]
Alma P. Pyscher [L. S.]

STATE OF MICHIGAN,

COUNTY OF Genesee

On this Fourth day of February, A. D. 19 52, before me, a Notary Public in and for said County, personally appeared Frank E. Pyscher and Alma P. Pyscher, his wife,

to me known to be the persons described in and who executed the within mortgage and acknowledged the execution thereof to be their free act and deed.


Notary Public, Genesee County, Michigan.
A. F. DeYonker

Sample F.H.A. Mortgage

Exhibit 101 A-1

12228

FEDERAL HOUSING ADMINISTRATION
MORTGAGEE'S APPLICATION
FOR MORTGAGE INSURANCE
(To be submitted in Original to Insuring Office)

PD 6-101-A-1
7/14/54
No. _____
(If a conversion insert FHA number)

Sample F.H.A. Mortgagee's Application for Mortgage Insurance
Exhibit 101 A-1
1223A

FEDERAL HOUSING COMMISSIONER,
DEAR SIR:

Pursuant to provisions of Section 203; ☐ Section _____ of the National Housing Act, the undersigned hereby applies for the insurance of a mortgage loan which it regards as safe and desirable, and proposes to make, if this application is approved, to Frank E. and Alma P. Pyscher

Such mortgage loan will be in the principal amount of \$ 7,500.00

bearing interest at 12 per centum per annum and payable in 360 equal monthly installments and will be secured by a first lien upon real property described in Property Description. In support of this application the undersigned submits herewith the Mortgagors' Statement and Property Description together with such exhibits as are required by the instructions on page 4 of this application.

A credit report from Retailers Credit Bureau agency: ☐ was ordered on _____, for direct delivery to you; ☒ is attached. Completion of FHA Form 2004f ☐ was requested on _____ from depository named in Mortgagors' Statement, or ☒ comparable information is attached hereto. Completion of FHA Form 2004g ☐ was requested on _____ from borrower's employer, or ☐ comparable information is attached hereto.

The undersigned hereby expressly agrees in the event the insurance herein applied for is granted by you, to pay to you an annual premium in accordance with the Regulations of the Federal Housing Commissioner, the first premium payment to be made simultaneously with the granting of such insurance, and until the mortgage is paid in full, or the mortgaged property is conveyed by the Commissioner, or until the contract of insurance is otherwise terminated, the cost and each succeeding premium shall be paid thereafter on the same date in each year as that on which the amortization period begins; and further agrees that if the mortgagors shall pay such loan in full prior to its maturity, the undersigned will pay to you the adjusted premium charge required in such event by the applicable Regulations. The undersigned further agrees that immediately upon the granting by you of the insurance hereto applied for, all of the terms and conditions subject to which such insurance may be granted, shall be and become a contract between the undersigned and you, which shall be binding upon and inure to the benefit of the and your successors.

Enclosed is a check of the undersigned for an amount which has been computed in accordance with the Administrative Rules, such payment to represent reimbursement for the costs of appraisal by the Commissioner. It is understood that should this application be rejected by you as a result of preliminary examination, such sum will be returned by you to the undersigned.

The undersigned represents that to the best of its knowledge and belief no statement made and no information contained in this application, in the Mortgagors' Statement, or in the Property Description, connected in connection with this loan, is in any respect untrue, incorrect, or incomplete.

IN WITNESS WHEREOF, the undersigned has caused this application to be executed by its proper officers, thereunto duly authorized, this 17th

day of JANUARY, 1954
FLINT, MICHIGAN
(Address)

MICHIGAN NATIONAL BANK
(Mortgagee)
L. J. Pyscher (Name and title of officer) Vice-President

MORTGAGORS' STATEMENT

A. PURPOSE OF MORTGAGE LOAN (Complete applicable Schedule or Schedules below).

1. Financing of New Construction.—(a) Approximate date construction was or is to be started _____
 - (b) Date land purchased _____ (c) Purchase price \$ _____
 - (d) From whom purchased _____ (Name and address) _____
 - (e) Estimated cost of construction, including main building, outbuildings, walks, driveways, grading, etc., plus architect's fee, if any. Exclude cost of land and cost of closing the transaction \$ 1-11-54
2. Financing Purchase of Property.—(a) Date purchased _____ (b) Purchase price \$ 7,500.00
 - (c) From whom purchased Louis Kaurath (Name and address) _____
2. Refinancing Existing Indebtedness in Connection With Subject Property.—(a) Total amount owed \$ _____
 - (b) Are payments current? ☐ (c) If not, state amount(s) in default for principal, \$ _____ interest, \$ _____ real estate taxes, _____ special assessments, \$ _____
 - (d) When was property acquired? _____ (e) Purchase price, \$ _____
 - (f) If property is being acquired under contract for deed, attach signed or certified copy of contract
3. Financing of Proposed Improvements to Existing Construction as described in Property Description. Estimated cost to mortgagor of proposed improvements \$ _____
3. Other.—(a) Describe briefly any other intended use of mortgage proceeds _____ (b) Amount required \$ _____
6. Do you intend to occupy, rent, or sell this property? occupy Proposed sale price (if for sale) \$ _____
(State which)

Use separate statement for Items D.1 through K. for co-mortgagor other than wife.

D. EMPLOYMENT STATUS

1. Mortgagor

(a) Employer's name **AC Spark Plug Div., GM**
 (b) Employer's address **Flint, Mich.**
 (c) Type of business **automotive**
 (d) Position occupied **supervision**
 (e) Name and title of superior
 (f) Number of years in present employment **17**

2. Co-Mortgagor

(a)
 (b)
 (c)
 (d)
 (e)
 (f)

*Note.—If less than 2 years, attach rider giving same details with respect to prior employment status.

E. LIFE INSURANCE

(1) Total in force, \$ **15,000** Cash value, \$
 (2) Less amount of loans on policies
 (3) Net cash surrender value

F. FAMILY STATUS

Number of years married **15**
 Ages of dependents
 other than spouse **13 6 4**

G. FINANCIAL STATEMENT. (Excluding equity and liability in connection with subject property.)

(A combined statement may be made for mortgagors who are husband and wife. In other cases a separate statement must be filed for each mortgagor on Form 2004. A corporate mortgagor or a mortgagor who derives his principal income from his own business must attach a current balance sheet and operating statement of the business.)

Cash accounts (list):	Assets	Statement date	Liabilities
Where deposited			
Merchants & Mech. Bank, Flint	1,000.00		Accounts payable (except installment accounts) \$
			Installment account payable, automobile \$
			Monthly payment \$
Securities (list or attach schedule):	800.00		Other installment accounts payable \$
Series A Bonds, etc. value			Monthly payment \$
			Notes payable \$
Value of real estate owned, other than subject property, from Schedule H	10,500.00		Repayment terms
Other important assets (list or attach schedule):			Indebtedness on real estate, other than subject property, from Schedule H 1,200.00
Furniture	2,500.00		Other liabilities \$
1950 Chevrolet	1,500.00		Repayment terms
TOTAL	15,000.00		TOTAL 1,200.00

H. REAL ESTATE OWNED OTHER THAN SUBJECT PROPERTY.

(If more than one property is owned attach separate schedule.)

Residence, Fenton Township	Estimated Value	Indebtedness	Annual Payment Principal and Interest	Annual Gross Income (a)	Annual Operating Expenses Including Taxes (b)	Annual Net Income (a) - (b)
(Type and address of property)	10,500	1,200	132.00			
(Name and address of mortgagor)						

I. ANNUAL INCOME

Base pay of mortgagor **4,800.00**
 (Based upon current rate of earnings, except earnings from commissions or fees, which should be reported on the basis of the past 12 months)
 Overtime or other employment earnings **600.00**
 Base pay of co-mortgagor
 Overtime or other employment earnings
 Net income from real estate, from Schedule H
 Income from other sources (list sources and amounts)
TOTAL INCOME **5,400.00**

J. ANNUAL FIXED CHARGES (Past 12 months).

Federal and State income tax **136.00**
 Premium on life insurance **12.00**
 Payments on installment accounts
 Mortgage or contract payments on other real estate from Schedule H **132.00**
 Payments on other loans
TOTAL FIXED CHARGES **280.00**

K. APPROXIMATE HOUSING EXPENSE (Past 12 months).

(a) Mortgage payment or rent **132.00**
 (b) Taxes **60.00**
 (c) Heat **150.00**
 (d) Water, gas, electricity **150.00**
 (e) Maintenance
TOTAL **792.00**

Flint P 100 June 27

No. 4244 Flint, Michigan March 28 19 52
FOR VALUE RECEIVED, I/We promise to pay to the order of MICHIGAN NATIONAL BANK, at its office in this city, or at such other place as the holder hereof may designate in writing,
Seventy-five hundred and no/100 ----- DOLLARS \$ 7,500.00
with interest from date at the rate of 6 per cent per annum on the unpaid balance until paid, in monthly installments of Sixty-five and no/100 ----- 65.00 or more, including interest, commencing on the 15th day of April 19 52 and continuing on the same day of each month thereafter until the principal and interest are fully paid, the entire balance, however, to be due and payable on March 28 19 62. Each installment shall be first applied to interest unpaid at the date of said payment and the remainder to the unpaid principal. This note is secured by a real estate mortgage of even date. In case any default in any of the terms of this note or of said mortgage shall constitute for thirty days thereafter at the option of the Bank, without notice, any unpaid balance hereunder shall become immediately due and payable, and any failure to exercise such option shall not constitute a waiver of the right to exercise such option at any future time, and any such balance shall draw interest at the rate of seven per cent per annum after such thirty days until all sums in default are fully paid.

ADDRESS
2921 Barth St.

Reinhardt Radke
Reinhardt Radke

Evelyn J. Radke
Evelyn J. Radke

16-19 Real Estate Mortgage Note

Sample Conventional Mortgage Note

Exhibit 101 A-5

1225a

Plt 43 101-A-5

together with the hereditaments and appurtenances thereunto belonging, including all gas and electric fixtures, radiators, radiator shields or covers, heaters, oil burners, gas burners, engines, and machinery, boilers, furnaces, ranges, elevators and motors, bath-tubs, sinks, water closets, basins, pipes, showers, faucets and other plumbing and heating fixtures, mirrors, mantels, refrigerating plants and ice boxes, screens, awnings, cooking apparatus and appurtenances, and such other goods and chattels and personal property as are ever furnished by a landlord in letting or operating an unfurnished building, similar to the one herein described and referred to, which are now or shall hereafter be attached to said building or premises by nails, screws, bolts, pipe connections, masonry, or in any other manner, which are and shall be deemed to be fixtures and an accession to the freehold and a part of the realty as between the parties hereto, their heirs, executors, administrators, successors and assigns, and all persons claiming by, through, or under them, and shall be deemed to be a portion of the security for the indebtedness herein mentioned and to be covered by this mortgage.

TO HAVE AND TO HOLD the above mortgaged premises, together with the appurtenances thereunto appertaining unto the said Mortgagee forever, provided that if the Mortgagor shall pay the principal and all interest as provided in a certain promissory note executed by said Mortgagor to said Mortgagee of even date herewith and shall pay all other sums hereinafter provided for, and shall well and truly keep and perform all of the covenants herein contained, then this mortgage and the aforesaid note shall be null and void; otherwise to remain in full effect.

And the Mortgagor hereby covenants as follows:

First: For value received and the consideration aforesaid, the Mortgagor hereby agrees to pay to the Mortgagee at its office in **City of Flint**, in the County of **Ontonagon**, State of **Michigan**, or at such other place as the holder of the note may designate in writing, the principal sum of **Seventy two hundred and no/100** - - - - - Dollars (\$ **7,200.00**), with interest from date at the rate of **four and one quarter** per centum (**4 1/4** %), per annum on the unpaid balance until paid. The said principal and interest shall be payable in monthly installments of **Forty four and 64/100** - - - - - Dollars (\$ **44.64** - - -), commencing on the first day of **March**, 19 **52**, and on the first day of each month thereafter until the principal and interest are fully paid, except that the final payment of principal and interest, if not sooner paid, shall be due and payable on the first day of **February**, 19 **52**, according to the terms of a promissory note bearing even date herewith executed by the Mortgagor to the Mortgagee.

FOURTH: If the total of the payments made by the Mortgagor under (b) of paragraph Third preceding shall exceed the amount of payments actually made by the Mortgagee for ground rents, taxes, or assessments or insurance premiums, as the case may be, such excess shall be credited by the Mortgagee on subsequent payments to be made by the Mortgagor. If, however, the monthly payments made by the Mortgagor under (b) of paragraph Third preceding shall not be sufficient to pay ground rents, taxes, and assessments, and insurance premiums, as the case may be, when the same shall become due and payable, then the Mortgagor shall pay to the Mortgagee any amount necessary to make up the deficiency, on or before the date when payment of such ground rents, taxes, assessments, or insurance premiums shall be due. If at any time the Mortgagor shall tender to the Mortgagee, in accordance with the provisions of the note secured hereby, full payment of the entire indebtedness represented thereby, the said Mortgagee shall, in computing the amount of such indebtedness, credit to the account of the Mortgagor all payments made under the provisions of (a) of paragraph Third hereof which the Mortgagee has not become obligated to pay to the Federal Housing Commissioner, and any balance remaining in the funds accumulated under the provisions of (b) of paragraph Third hereof. If there shall be any default under any of the provisions of this mortgage resulting in foreclosure or public sale of the premises covered hereby or if the Mortgagee acquires the property otherwise after default, the Mortgagee shall apply, at the time of the commencement of such proceedings or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under (b) of paragraph Third preceding as a credit against the amount of principal then remaining unpaid under said note and shall properly adjust any payments which shall have been made under (a) of said paragraph.

FIFTH: That he will pay at maturity all ground rents, taxes, assessments, and all other charges and encumbrances which now are or shall hereafter be or appear to be a lien upon the said premises or any part thereof, and for which provision has not been made hereinbefore, and will make payments on account of the taxes and assessments levied or to be levied against the premises in the manner provided in (b) of paragraph Third hereof; and that in default thereof the Mortgagee may, without demand or notice, pay the said taxes, assessments, charges, or encumbrances, and pay such sum of money as the Mortgagee may deem to be necessary therefor, and shall be the sole judge of the legality or validity thereof and of the amount necessary to be paid in satisfaction thereof.

SIXTH: That he will keep the improvements now existing or hereafter erected on the mortgaged property, insured as may be required from time to time by the Mortgagee against loss by fire and other hazards, casualties and contingencies in such amounts and for such periods as may be required by the Mortgagee and will pay promptly, when due, any premiums on such insurance provision for payment of which has not been made hereinbefore. All insurance shall be carried in companies approved by the Mortgagee and the policies and renewals thereof shall be held by the Mortgagee and have attached thereto loss payable clauses in favor of and in form acceptable to the Mortgagee. In event of loss Mortgagor will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee instead of to the Mortgagor and the Mortgagee jointly, and the insurance proceeds, or any part thereof, may be applied by the Mortgagee at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In event of foreclosure of this mortgage or other transfer of title to the mortgaged property in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee.

SEVENTH: That he will abstain from the commission of waste on said premises and keep the buildings thereon and all equipment therein mortgaged in good repair, and promptly comply with all laws, ordinances, regulations, and requirements of any governmental body affecting the said mortgaged premises, and should said premises or any part thereof require inspection, repair, care or attention of any kind or nature not provided by the Mortgagor, the Mortgagee, being hereby made sole judge of the necessity therefor, may, after notice to the Mortgagor, enter or cause entry to be made upon said property, and inspect, repair, protect, care for or maintain said property as the Mortgagee may deem necessary, and may pay such sum of money as the Mortgagee may deem to be necessary therefor, and shall be the sole judge of the amount necessary to be paid.

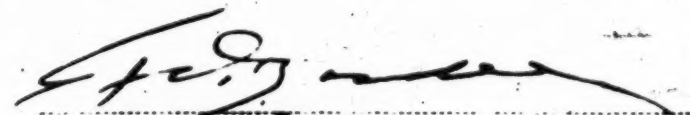
EIGHTH: That should any default be made in the covenants of this mortgage, the Mortgagee may cause the abstract or abstracts of title and the tax histories of said premises to be certified to date, or may procure new abstracts of title and tax histories or title search in case none were furnished to the Mortgagee, and may pay therefor such sums as it may deem to be necessary, and if unpaid, may pay the mortgage tax on this instrument, and shall be the sole judge of the amount necessary to be paid therefor.

STATE OF MICHIGAN,

COUNTY OF Genesee

On this Fourth day of February, A. D. 19 52, before me, a Notary Public in and for said County, personally appeared Frank E. Pyscher and Alma P. Pyscher, his wife, to me known to be the persons described in and who executed the within mortgage and acknowledged the execution thereof to be their free act and deed.

My Commission expires
May 2, 1955


Notary Public, Genesee County, Michigan.
A. F. DeYonker

2430

FEB 6 '52

Michigan National Bank
Flint, Michigan

RECEIVED
FEB 6 1952

FEB 6 3 08 PM '52

CLERK COUNTY
FLINT, MICHIGAN

111
C

E

B. ESTIMATED SETTLEMENT REQUIREMENTS.

1. Total amount, for purposes stated under A above \$ 9,800.00
2. Approximate cost of closing the transaction (including deposits for taxes and insurance premiums, \$ 200) \$ 200.00
3. Total \$ 10,100.00
4. Less amount of mortgage loan applied for \$ 7,800.00
5. Total investment required by mortgagor in cash or its equivalent \$ 2,300.00
6. Less amount already paid: (a) In cash, \$ 500.00; (b) Equity other than cash, \$; (c) Total \$ 20.00
7. Date paid Jan. 14, 1952 8. To whom paid Frank Marshall
9. Nature of other equity, if any listed in item 6 (b)
10. Balance of cash or its equivalent to be invested by mortgagor \$ 2,100.00
11. The amount indicated in item 10 will be provided from the following sources Assets of applicant
12. Have you incurred or do you intend to incur any indebtedness, secured or unsecured, other than that of the mortgage loan applied for, for any purpose connected with this transaction? NO If answer is yes, give complete details, including description of any security offered: (Yes or no)

C. INDEBTEDNESS AGAINST PROPERTY AT (Always show address)

The following is a list of all mortgages, and other indebtedness against the property offered as security for the loan applied for, excluding taxes and assessments: (If there is NO indebtedness, insert "None.")

Name and Address of Holder	Type of Lien	Date of Mortgage or Lien	Original Amount	Present Unpaid Balance	Maturity Date

Indicate any which is FHA-insured mortgage loan above and give case number if available

REFINANCING CERTIFICATE

NOTE.—This certificate is required in all applications under Section 208 of the National Housing Act which involve the refinancing in whole or in part of an existing mortgage, where the proposed mortgage loan is to be made by a mortgagee other than the holder of the existing mortgage.

This is to certify that the undersigned has applied to the holder of the existing mortgage on the subject property for refinancing and that such holder, after reasonable opportunity, has failed or refused to make a loan on terms as favorable as those of the loan offered for refinancing as described in the application submitted herewith after taking into account applicable provisions, conditions, interest rate, mortgage insurance premium and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges.

Mortgagor (s):

WARNING

Section 1010 of Title 18, U. S. C., "Federal Housing Administration transactions," provides: "Whoever, for the purpose of . . . influencing in any way the action of such Administration . . . makes, prints, utters, or publishes any statement, knowing the same to be false . . . shall be fined not more than \$5,000 or imprisoned not more than two years, or both."

RACIAL RESTRICTION CERTIFICATE

The undersigned hereby certifies that to his (their) best knowledge and belief, no restriction upon the sale or occupancy of the property covered by this application, on the ground of race, color, or creed, has been filed of record at any time subsequent to February 15, 1950; and that, until the mortgage has been paid in full or the contract of insurance otherwise terminated, he (they) will not file for record any restriction upon the sale or occupancy of the mortgaged property on the basis of race, color, or creed, or execute any agreement, lease, or conveyance affecting such property which imposes any such restriction upon its sale or occupancy.

NOTE.—The filing of record of such a restriction or covenant subsequent to February 15, 1950, will render a mortgage covering the property ineligible for mortgage insurance.

(Do not sign the following certification until the Mortgagors' Statement and Property Description have been completed.)

This Mortgagors' Statement and the Property Description submitted herewith are made by the undersigned for the purpose of obtaining the benefits of a mortgage loan to be insured under the provisions of the National Housing Act, and the undersigned hereby represent that to the best of their knowledge and belief, the statements, information, and descriptions contained herein are in all respects true, correct, and complete. The Commissioner and mortgagees may verify the statements contained herein by communicating with any of the persons or institutions named in this application. These statements will otherwise be treated as confidential.

(Signed) Frank E. Ryckner 38 Alfred F. Ryckner 33
 Mortgagor. (Age) Co-Mortgagor. (Age)
13363 Canewood Junior 4233 1-15-51
 (Mortgagor's present address) (Telephone number) (Date)
 Frank E. Ryckner (B) Alfred F. Ryckner
 46 4567
 46 579

REAL ESTATE MORTGAGE

MTG
LIBER

946 PAGE 450

1952

THIS MORTGAGE made this twenty-eighth day of March
between Reinhart Radke and Evelyn J. Radke, his wife
of Flint

Michigan, hereinafter
referred to as the Mortgagors, and MICHIGAN NATIONAL BANK, a National Banking Association, having an office
in the city hereinafter designated, hereinafter referred to as the Bank,

WITNESSETH, That the Mortgagors, in consideration of the principal amount of
Seventy-five Hundred and no/100 - - - - - DOLLARS \$ 7,500.00
paid to them by the Bank, the receipt of which is hereby acknowledged, hereby mortgage and warrant to the Bank, its
successors and assigns, forever, the land and property situated in the City of Flint
County of Genesee and the State of Michigan, described as follows:

Lot 8 Block 211 of Modern Housing Corporation Addition No. 7,
according to the recorded plat thereof.

Exhibit 101 A-5
Sample Conventional Mortgage

1226a

9. The Mortgagors shall pay to the Bank forthwith all amounts which the Bank shall pay pursuant to any of the aforesaid provisions, together with interest upon each of said amounts from the time of the payment thereof by the Bank until repayment by the Mortgagors at the rate of seven per cent per annum, and all such payments by the Bank shall be a further lien on said property.

10. That if damages are awarded for the taking of or injury to said property, or any part thereof, whether under the power of eminent domain or otherwise, all such damages shall be paid to the Bank, and if paid prior to the redemption from foreclosure of this mortgage, shall be applied to the satisfaction of all indebtedness secured by this mortgage.

11. If any person or persons shall succeed to the interest of the Mortgagors in said property, or any part thereof, the Bank may from time to time deal with and enter into such agreements with any successor in interest of the Mortgagors as it may desire. The Mortgagors, by reason thereof, shall not be deemed to have been released to any extent whatever from liability for the payment of the debt secured hereby.

12. If any default be made in the payment of any principal or interest due hereunder or according to said note, or in the performance of any other covenants of this mortgage or the note secured hereby, or any part thereof, by the Mortgagors, their heirs, executors, administrators, successors or assigns, or if they shall allow or permit any legal or equitable liens to stand or be placed against said property which will in any way affect or weaken the security herein given, or shall do any act whereby said property is made less valuable, and if such default shall continue for thirty days, then thereafter at the election of the Bank the whole of said principal and the interest thereon shall be immediately due and payable, and no notice other than the commencement of proceedings to foreclose this mortgage, or collect such moneys, shall be required to be given of such election. In case of any such default, the Bank is hereby authorized to sell and convey said property, with the appurtenances thereunto belonging, at public auction, and execute to the purchaser or purchasers; its, his, her, or their heirs, successors or assigns; good and sufficient deed or deeds of conveyance of said property, pursuant to the statute in such case provided; and after deducting said principal and interest, the amounts paid for taxes, assessments, insurance, repairs, encumbrances, abstracts and tax histories, with interest, as hereinbefore provided, all legal costs, and an attorney fee as provided by law, pay the surplus moneys, if any, to the Mortgagors, their representatives or assigns.

13. The word "Mortgagors" shall be read in the singular or plural and shall be construed in the masculine, feminine or neuter as the case may be.

14. The covenants and agreements contained in this mortgage shall run with the land, and shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the Mortgagors have hereunto set their hands and seals or, if a corporation, has caused its corporate seal and seal to be hereunto affixed, the day and year first above written at Flint

Signed, Sealed and Delivered
in the Presence of:

A. F. DeYonker

Reinhardt Radke

Evelyn J. Radke

(L.S.)

(L.S.)

(L.S.)

(L.S.)

A. C. Smith

STATE OF MICHIGAN

COUNTY OF Genesee

SS.

On this 28th

day of

March

19 52, before me, a Notary Public

In and for said County, appeared Reinhardt Radke and Evelyn J. Radke, his wife

to me known to be the same persons who executed the foregoing instrument, who each acknowledged the same to be his or her free act and deed.

A. F. DeYonker

Notary Public,

Genesee

County, Michigan

My commission expires May 2, 1955

STATE OF MICHIGAN

COUNTY OF

SS.

On this

day of

19 , before me, a Notary Public

In and for said County, appeared

and

to me known, who being by me sworn, did say that they are respectively the

and

of

the corporation named in and which executed the within mortgage, that the seal affixed thereto is the corporate seal of said corporation, and that said mortgage was signed and sealed in behalf of said corporation by authority of its board of directors; and said persons acknowledged said mortgage to be the free act and deed of said corporation.

MICHIGAN NATIONAL BANK

APPLICATION FOR REAL ESTATE LOAN

The undersigned hereby makes application to the MICHIGAN NATIONAL BANK, for a loan of

Dollars \$ 7500.00

for 10 years, with interest at _____ per cent per annum, said principal and interest being payable in

monthly installments of \$ _____; and as security for said loan agrees to deliver to said Bank a first mortgage properly executed and duly recorded in the office of the Register of Deeds, in accordance with the laws of this State, on the premises described herein.

The undersigned further agrees to furnish a satisfactory abstract of title and tax histories to said property certified to date, to pay the expense of abstract examination, to have the buildings on said premises properly insured for the benefit of, and to deliver the policies to said Bank, with such insurance companies and in such amount as may be satisfactory to said Bank.

The proceeds of this loan, if granted, will be used for the following purposes:

Business Venture

Belgian Mortgage #2160 - 7500.00 - add 4 years

EXHIBIT I - PERSONAL HISTORY

A. - APPLICANTS

1. Name of husband Raisbart Raska Age 43 Years
2. Name of wife Evelyn Raska Age 41 Years
3. Address of applicants 2921 South St Flint Telephone 2-7923
4. Former address of applicants _____
5. Age of dependent children 10-13 Other dependents _____ Bank account at Citizens
6. If veterans, date discharged _____ Type of discharge _____ Length of Service _____ Years

B. - EMPLOYED AT

1. Name of employer Manufacturers Equip. Supply Co Address 119 Lyons St
2. Type of business Equipment Supply Position occupied Sales Man
3. Years with present employer _____ Name and title of superior Carlson & Jackson, President
4. Name of former employer Fisher Body Div Address 1000 Lake Rd - Flint
5. Is wife employed No Name of Employer _____ Annual Income \$ _____

C. - IN BUSINESS FOR SELF

1. Name of business _____ Address _____
2. Type of business _____ Sole owner, partner, or title in corporation _____
3. Years in present business _____ Business bank account at _____

Exhibit 101 A-5
Sample Conventional Application for Real Estate Loan
1228a

EXHIBIT 101 A-5 - DESCRIPTION OF PROPERTY

A - LOCATION

1. 1421 Barth St 2nd San Jose Michigan
Number Street City State
2. The property is on the South side of street between Collins & Hyman
City
3. Brief legal description Lot 8, Blk VII - Modern Day Corp #1
4. Size of lot 30' x 115' 36' x 115' Street paved, graveled, or unimproved Sidewalks yes

B - IMPROVEMENTS

1. Type of building: Single dwelling, duplex, apartment, store, etc.
2. Size of building (exclusive of porches) 36 x 30 Year built 1946 Number of stories 1
3. Number and name of rooms (exclusive of bathrooms) 6 with attached plastered garage
(a) Basement With Recreation Room, porch, floor - 14 x 20 ft
(b) 1st floor
(c) 2nd floor
(d) 3rd floor
4. Bathrooms: Number 1 Wall material Plaster Floor material oak
5. Porches Front Fireplace Other features Terrace
6. Materials: Exterior walls (brick, brick veneer, frame, stucco, etc., or combination) Frame
Foundation Concrete Roof Gulphatt Floors Oak
Interior walls Plaster Trim Wood
7. Equipment: Electricity Gas Water Sewer
Type of heating system Gas furnace Fuel used Gas Laundry tubs yes
Type of water heater Automatic Other equipment
8. Garage: Attached or detached Attached Car capacity one Construction of roof
Of walls Of floor Of driveway
9. Condition of improvements: (Indicate if in need of repair)
(a) Exterior: Roof Paint Foundation Sheet metal
Walks Garage Driveway Other
(b) Interior: Floors Walls Lighting Woodwork
Heating Plumbing Basement Other

C - VALUATION AND TAXES

1. Date acquired Apr 1946 Terms of purchase Cash to Mortgage Price Paid \$ 1150.00
2. Cost of improvements: (Describe) Terrace & Recreation Room, floor, porch, etc. 300.00
3. Present estimated value \$ 1500.00 Assessed value \$ 1000.00 Total investment \$ 1150.00
4. Amount of fire insurance \$ 7000.00 Amount of windstorm insurance \$
5. Taxes paid thru 19 11 Amount delinquent \$ None For years
6. Special assessments: (Describe) When due Amount \$

D - TITLE AND LIENS

1. Deed in name of Rena Hart + Evelyn Rouse
2. List below in detail all mortgages, contracts or other liens on this property:

CHARACTER OF LIEN	NAME OF HOLDER	DATE OF LIEN	DUE DATE	ORIGINAL AMOUNT	BALANCE	INTEREST PAID TO	TERMS OF PAYMENT
First mortgage	<u>Mich. Nat'l Bank</u>	<u>4/30/46</u>		<u>1000.00</u>	<u>3427</u>	<u>date 1st - monthly</u>	
Second mortgage							
Buying on contract							
Selling on contract							

MORTGAGE NOTE

\$ 6,000.00

Flint, Michigan
February 8, 19 52.

FOR VALUE RECEIVED, the undersigned, jointly and severally, promise(s) to pay to the order of

MICHIGAN NATIONAL BANK, a National Banking Association

the principal sum of
Six Thousand and no/100 ----- Dollars
(\$ 6,000.00), with interest from date, at the rate of four per centum (4 %) per annum on the unpaid balance until paid. The said principal and interest shall be payable at the office of Michigan National Bank

at Flint, Michigan,
or at such other place as the holder may designate in writing delivered or mailed to the debtor, in monthly installments of Thirty-six and 36/100 - - Dollars (\$ 36.36), commencing on the first day of March, 19 52, and continuing on the first day of each month thereafter until this note is fully paid, except that, if not sooner paid, the final payment of principal and interest shall be due and payable on the first day of February, 19 72.

Privilege is reserved to prepay at any time, without premium or fee, the entire indebtedness or any part thereof not less than the amount of one installment, or one hundred dollars (\$100.00), whichever is less.

If any deficiency in the payment of any installment under this note is not made good prior to the due date of the next such installment, the holder of this note may, without notice, at its option declare all the remainder of said debt at once due and payable, and any failure to exercise said option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

This note is secured by Mortgage of even date executed by the undersigned on certain property described therein and represents money actually used for the acquisition of said property or the improvements thereon.

Demand, protest, presentment, and notice of nonpayment are hereby waived.

Exhibit 101 A-9
Sample V.A. Mortgage Note

1230a

MORTGAGE

MTG 942 PAGE 58

THIS MORTGAGE made this eighth day of February, 1952, between

Kenneth A. Johnson and Wanda M. Johnson, his wife,

Flint, County of Genesee, State of Michigan, hereinafter referred to as the Mortgagor,
and MICHIGAN NATIONAL BANK, a National Banking Association

a corporation organized and existing under the laws of United States of America, hereinafter referred to as the Mortgagee,

WITNESSETH: That the Mortgagor for and in consideration of the sum of Six Thousand and no/100- - - - - Dollars (\$6,000.00), the receipt whereof is hereby acknowledged, and for the purpose of securing the repayment of said sum, with interest as hereinafter provided, and the performance of the covenants hereinafter contained, hereby mortgages, warrants and assigns unto the Mortgagee, its successors and assigns, the lands, premises, and property, situated in the City of Flint, County of Genesee, State of Michigan, described as follows, to wit:

Lot 287 of West Court Gardens, according to the recorded plat thereof.

together with the improvements, hereditaments, and appurtenances thereunto belonging, and the rents, issues and profits thereof; and all fixtures now or hereafter attached to or used in connection with the premises herein described and in addition thereto the following-described household appliances, which are, and shall be deemed to be, fixtures and a part of the realty, and are a portion of the security for the indebtedness herein mentioned;

together with the improvements, hereditaments, and appurtenances thereunto belonging, and the rents, issues and profits thereof; and all fixtures now or hereafter attached to or used in connection with the premises herein described and in addition thereto the following-described household appliances, which are, and shall be deemed to be, fixtures and a part of the realty, and are a portion of the security for the indebtedness herein mentioned;

Ex 101-A-9
7/10/58
w

TO HAVE AND TO HOLD the above-mortgaged property unto the said Mortgagee forever, provided that if the Mortgagor shall pay the principal and all interest as provided in a certain promissory note executed

Exhibit 101 A-9
Sample V.A. Mortgage

1231a

by said Mortgagor to said Mortgagee of even date herewith and shall pay all other sums hereinafter provided for, and shall well and truly keep and perform all of the covenants herein contained, then this mortgage and the aforesaid note shall be null and void; otherwise to remain in full effect.

The Mortgagor hereby covenants as follows:

1. For value received and the consideration aforesaid, the Mortgagor hereby agrees to pay to the Mortgagee at its office in City of Flint, in the County of Genesee, State of Michigan, or at such other place as the holder of the note may designate in writing delivered or mailed to the Mortgagor, the principal sum of Six Thousand and no/100 ----- Dollars (\$ 6,000.00), with interest from date at the rate of four per centum (4 %) per annum on the unpaid balance until paid. Said principal and interest shall be payable in monthly installments of Thirty-six and 36/100 ----- Dollars (\$ 36.36), commencing on the first day of March, 19 52, and continuing on the first day of each month thereafter until the principal and interest are fully paid, except that if not sooner paid, the final payment of principal and interest, shall be due and payable on the first day of February, 19 72, according to the terms of a promissory note bearing even date herewith executed by the Mortgagor to the Mortgagee.

2. He will promptly pay the principal of and interest on the indebtedness evidenced by the said note, at the times and in the manner herein provided. Privilege is reserved to prepay at any time, without premium or fee, the entire indebtedness or any part thereof not less than the amount of one installment, or one hundred dollars (\$100.00), whichever is less.

3. In order more fully to protect the security of this mortgage, the Mortgagor, together with, and in addition to, the monthly installments of principal and interest payable under the terms of the note secured hereby, will pay to the Mortgagee the following sums:

- (a) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property (all as estimated by the Mortgagee and of which the Mortgagor is notified) less all sums already paid therefor divided by the number of months to elapse before one month prior to the date when such ground rents, premiums, taxes, and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay said ground rents, premiums, taxes, and special assessments.
- (b) The aggregate of the amounts payable pursuant to subparagraph (a) and those payable on the note secured hereby, shall be paid in a single payment each month, to be applied to the following items in the order stated:
 - (I) ground rents, taxes, assessments, fire and other hazard insurance premiums;
 - (II) interest on the note secured hereby; and
 - (III) amortization of the principal of said note.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good by the Mortgagor prior to the due date of the next such payment, constitute an event of default under this mortgage. The Mortgagee may collect a "late charge" not to exceed an amount equal to four per centum (4%) of any installment which is not paid within fifteen (15) days from the due date thereof, to cover the extra expense involved in handling delinquent payments.

Together with the easements, hereditaments and appurtenances thereunto, now or hereafter belonging, or in anywise appertaining, and all buildings and other structures now or hereafter situated on said land, all window and door screens, window insulating units, storm windows and doors, awnings, cabinets, shelving, counters, partitions, elevators, in-a-door beds, curtain and shade fixtures, shades, venetian blinds, linoleum and similar coverings, gas and electric fixtures, built-in refrigerators, ventilators and incinerators, laundry equipment, pumps, dynamos, generators, furnaces, and generally all heating, lighting, air conditioning, ventilating, refrigerating, cleaning, incinerating, power, plumbing and other fixtures, machinery, appliances, apparatus, equipment and devices, which may now or at any time hereafter be situated thereon and attached thereto, to secure the performance of the covenants hereinafter contained.

This mortgage is given upon condition that if the Mortgagors shall pay to the Bank, its successors or assigns, said principal amount with interest thereon, according to the terms of a promissory note of this date executed by the Mortgagors, and any other indebtedness heretofore or hereafter contracted by the Mortgagors and owing to the Bank, but not in excess of said original principal amount, then this mortgage and said note shall cease. The rate of interest on all indebtedness secured hereby shall be seven per cent per annum from the date of default in the terms of such indebtedness until redemption from sale under foreclosure of the mortgaged property, notwithstanding any provisions to the contrary in the evidence of such indebtedness.

The Mortgagors covenant with the Bank that:

1. The Mortgagors shall pay said principal amount and interest thereon, according to the terms of said note.
2. The Mortgagors hold a free, clear and unencumbered fee simple title to said mortgaged property and they will forever warrant and defend the same.
3. The Mortgagors in addition to, and at the times of the monthly payments of principal and interest, shall pay to the Bank such additional amounts as shall be estimated from time to time by the Bank as necessary for the establishment of a reserve fund from which, insofar as it may be sufficient, the Bank shall pay when due all taxes, assessments and insurance premiums on said property. If the Bank has not by reason of said payments, a sufficient sum to pay such taxes, assessments and insurance premiums, the Mortgagors shall forthwith-on demand pay to the Bank a sum, which with the sums already paid to the Bank as aforesaid, will be sufficient to pay in full all such taxes, assessments and insurance premiums. The Bank shall apply, at the time of the commencement of foreclosure proceedings or at the time the property is otherwise acquired after default, the balance then remaining in such reserve fund as a credit first against the interest and then the principal remaining unpaid under said note. If the payments made by the Mortgagors into such fund shall exceed the amount of the payments by the Bank for taxes, assessments and insurance premiums, the Bank may return said excess to the Mortgagors or apply the same to any payment then due or to become due on said note.
4. The Mortgagors shall pay when due all ground rents, taxes, assessments, and other charges and encumbrances which now are, or shall hereafter be or appear to be, a lien upon all or any part of said property and for which provision has not been made hereinbefore, and in default thereof, or in default in the payment to the Bank of the amounts required in paragraph 3 hereof, the Bank may, without demand or notice, pay the said rents, taxes, assessments, charges or encumbrances, in such amounts as the Bank in its sole judgment may deem to be necessary therefor.
5. The Mortgagors shall insure the improvements now existing or hereafter erected on said property against loss by fire and other hazards and casualties in such companies, in such amounts, and for such periods as shall be approved by the Bank, and shall pay when due all premiums on such insurance for which provision has not been made hereinbefore. All insurance policies and renewals thereof shall be held by the Bank and have attached thereto loss payable clauses in favor of and in forms approved by the Bank. In the event of loss the Mortgagors shall give immediate notice by mail to the Bank, which may make proof of loss if not made promptly by the Mortgagors. Any insurance company is authorized and directed to make payment for such loss directly to the Bank, and the insurance proceeds or any part thereof may be applied by the Bank either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In the event of foreclosure of this mortgage or other transfer of title to the mortgaged property in satisfaction of the indebtedness secured hereby, all right, title and interest of the Mortgagors in and to any insurance policies then in force shall pass to the purchaser or grantees. If the Mortgagors shall fail to procure such insurance, the Bank may procure the same and pay the premiums thereon.
6. The failure of the Mortgagors to pay or to provide for the payment of any taxes assessed against said property or any insurance premium upon a policy covering any of said property shall constitute waste and shall entitle the Bank where provided by law to the appointment by a court of competent jurisdiction of a receiver of the property for the purpose of preventing such waste, which receiver, subject to the order of the court, may collect the rents and income from said property and exercise such control over said property as to such court may seem proper.
7. The Mortgagors shall abstain from the commission of waste on said property and shall keep the buildings and all mortgaged equipment thereon in good repair and shall comply promptly with all laws, ordinances, regulations and requirements of any governmental body affecting said property or the use thereof. If said property or any part thereof shall require inspection, repair or care of any kind which the Mortgagors shall fail to provide, the Bank may, after notice to the Mortgagors, enter, inspect, repair and care for said property and pay such amounts therefor, as in its sole judgment it may deem necessary.
8. If any default be made in the covenants of this mortgage, the Bank may cause any abstracts of title and tax histories in its possession for said property to be certified to date, or may procure new abstracts of title and tax histories if none were furnished to the Bank, and may pay therefor such amounts as in its sole judgment it may deem necessary.

4264

1932 6444

REAL ESTATE MORTGAGE

RECORDED
Earl M. Smith
REGISTER OF DEEDS
JAN 1 2 57 PM '32
MICHIGAN
FLINT, MICHIGAN

MICHIGAN NATIONAL BANK

REGISTER'S OFFICE

Michigan, _____ County,

Received for record the _____

do of _____ 19 _____

at _____ o' _____ M., and recorded

in Liber _____ of Mortgages, in

Page _____

475
Michigan National Bank
Flint, Michigan

Register of Deeds in and for said County

My commission expires

EXHIBIT II — FINANCIAL STATEMENT

ASSETS

Cash on hand and in banks \$ 650.00
 Market value of stocks and bonds \$ 2500.00
 Cash surrender value of life insurance \$ 5344.41
 Real estate: (Location and estimated value)
 (1) 441 Booth St \$ 1500.00
 (2) 109 5th St - Rosemount \$ 8500.00
 (3) Mick \$ _____
 Other assets: (Indicate character)
 (1) 1450 SV Bank \$ 1850.00
 (2) Accrued Insurance Dividend \$ 1300.00
TOTAL ASSETS \$ 35144.41

LIABILITIES

Notes payable to banks, etc. \$ 1251.80
 Notes payable to others \$ _____
 Loans on life insurance policies \$ 1496.46
 Mortgages and contracts payable:
 (1) To Citizens - Sears \$ 8427.00
 (2) To M. H. O'Neil Bank \$ 3528.00
 (3) To _____ \$ _____
 Other obligations: (Indicate character)
 (1) _____ \$ _____
 (2) _____ \$ _____
TOTAL LIABILITIES \$ 9997.26

Life Insurance } Company Metrop Life
 } Company Equitable Life

Amount \$ 70000.00 Beneficiary Lothys J. R...
 Amount \$ 10000.00 Beneficiary "

ANNUAL INCOME

Salary, wages or commissions: 1951 For the year \$ 10733.48
 \$ _____ per _____
 Annual income from investments
 Dividends \$ 15.00
 Interest \$ _____
 Rentals \$ _____
 Other \$ _____
TOTAL ANNUAL INCOME \$ 10818.48

ANNUAL CHARGES AGAINST INCOME

Payments on mortgages and contracts \$ 2157.00
 Real estate taxes for year \$ 1400.00
 Annual insurance premiums ALB \$ 400.00
 Annual requirements for income tax \$ 1000.00
 Payments on other loans for year \$ 704.80
 Other \$ _____
 Total annual charges against income \$ 4961.80
 Bal of income available for living expenses \$ _____
TOTAL \$ _____

Is any change in income anticipated? Give details _____

This Section to Be Used by Bank Only
DISPOSITION

Date _____

☐ Loan approved for \$ _____
☐ Loan Declined

Remarks: _____

By _____

By _____

By _____

4. List below in detail all mortgages, contracts or other liens on the property:

CHARACTER OF LIEN	NAME OF HOLDER	DATE OF LIEN	DUE DATE	ORIGINAL AMOUNT	BALANCE	INTEREST PAID TO	TERMS OF PAYMENT
First mortgage	Wichita Nat'l Bank	4-30-46		\$5000.00	3467	date	4% - monthly
Second mortgage							
Buying on contract							
Selling on contract							

E - OCCUPIED BY

1. Name of present occupant Owner
 2. Occupant is the Applicant yes

*Contract purchaser

Tenant

The undersigned declares that the statements contained in the foregoing exhibits are true, correct and complete in every respect. Accompanying this application is the sum of \$ 2700 for the appraisal of this property, which fee is not returned if the appraisal is made.

Date of application March 20, 1952

Signed

Reinhardt Radtke
Evelyn J. Radtke

**This Section to Be Used by Bank Only
 APPRAISER'S REPORT**

Valuation							
Lot	Size	x	\$		Base		per ft.
Building	Size	x	\$		Base		
Garage	Size	x	\$		Base		
Other	Size	x	\$		Base		
			TOTAL	\$			

Remarks

Signed

Signed

Signed

Date Appraised

19

Demand, protest, presentment, and notice of nonpayment are hereby waived.

Plt's Ex 101A-9
7/2/58
1/1/62

Kenneth A. Johnson
Kenneth A. Johnson

Wanda M. Johnson
Wanda M. Johnson

THIS IS TO CERTIFY that this is the note described in and secured by mortgage of even date and in the same principal amount as herein stated and secured by real estate situated in the county of Genesee, State of Michigan.

Dated this eighth day of February, 1952.

A. C. Smith

A. C. Smith
Notary Public in and for the County of Genesee
State of Michigan.

My commission expires February 26, 1954.

10-54820-1 U. S. GOVERNMENT PRINTING OFFICE

972 page 572

MEMORANDUM OF FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF FLINT.

REAL ESTATE MORTGAGE

This Mortgage, Made the Ninth day of April
in the year of our Lord one thousand nine hundred Forty Nine

WITNESSETH: That Gerald H. Barton and Jean G. Barton, his wife

hereinafter referred to as the "Mortgagors" whether singular or plural, MORTGAGE AND WARRANT to FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF FLINT, at Flint, Michigan, a corporation organized under the laws of the United States, hereinafter referred to as the "Mortgagee," the following described real estate situated in the Township of Barton, Genesee County, Michigan, to wit:

Lots 54 and 55 of Superior Heights Subdivision,
according to the record plat thereof.

4. If the total of the payments made by the Mortgagor under (a) of paragraph 3 preceding shall exceed the amount of payments actually made by the Mortgagee for ground rents, taxes, or assessments or insurance premiums, as the case may be, such excess shall be credited on subsequent payments to be made by the Mortgagor for such items. If, however, such monthly payments made by the Mortgagor shall not be sufficient to pay such items when the same shall become due and payable, then the Mortgagor shall pay to the Mortgagee any amount necessary to make up the deficiency. Such payments shall be made within thirty (30) days after written notice from the Mortgagee stating the amount of the deficiency, which notice may be given by mail. If at any time the Mortgagor shall tender to the Mortgagee, in accordance with the provisions of the note secured hereby, full payment of the entire indebtedness represented thereby, the said Mortgagee shall, in computing the amount of such indebtedness, credit to the account of the Mortgagor any credit balance remaining under the provisions of (a) of paragraph 3 hereof. If there shall be any default under any of the provisions of this mortgage resulting in foreclosure or public sale of the premises covered hereby or if Mortgagee acquires the property otherwise after default, the Mortgagee shall apply, at the time of the commencement of such proceeding or at the time the property is otherwise acquired, the amount then remaining to credit of Mortgagor under (a) of paragraph 3 preceding as a credit on the interest accrued and unpaid and the balance to the principal then remaining unpaid on said note.

5. He will promptly pay all ground rents, insurance premiums, taxes, assessments, water charges, and any governmental or municipal charges, fines, or impositions for which provision has not been made herein, and, in such cases, promptly deliver the official receipts therefor to the Mortgagee. If the Mortgagor fails to make such payments, the Mortgagee is hereby authorized at its option to make them, and any sums so advanced shall be added to the amount of the indebtedness hereby secured, shall bear inter-

22
That said right, power and privilege hereby granted may be enforced and secured by the Mortgagee, at its option, in case of failure of the Mortgagors to perform any of the covenants or conditions of this mortgage, or any evidence of indebtedness secured hereby. The Mortgagee, shall apply all sums collected under the power hereby granted, first, to the payment of interest upon any and all sums secured hereby, and the remainder shall be applied upon the unpaid balance of the indebtedness hereby secured, rendering the surplus, if any there should be, to said Mortgagors.

Ninth. Should default be made in the payment of any of the sums of money above mentioned, or in the performance of any of the covenants or agreements herein contained, then and in such case it shall be lawful for said Mortgagee, and said Mortgagors do hereby empower and authorize said Mortgagee, to grant, bargain, sell, release and convey the said lands and premises, with the appurtenances at public auction, and on such sale to make and execute to the purchaser or purchasers, his, her or their heirs and assigns, forever, sufficient deeds of conveyance in law, pursuant to the statute in such case made and provided, and out of the proceeds of such sale to retain all sums then due hereunder and secured hereby, including any attorney fee provided for by law, rendering the surplus, if any there should be to said Mortgagors.

Tenth. The Mortgagee may, at its option, extend the time for payment of said indebtedness, or reduce the payments thereon, or accept a renewal note or notes therefore, without the consent of any junior lien holder, and without the consent of the Mortgagors, if the Mortgagors have parted with the title to said property, and any such extension, reduction or renewal shall not release the Mortgagors, or any endorser or guarantor, from liability for such indebtedness, or affect the priority of this mortgage over any junior lien, or impair the security hereof in any manner whatsoever, and no failure on the part of the Mortgagee to exercise any of its rights hereunder for defaults or breaches of covenants shall be construed to prejudice its rights in the event of any other subsequent default or breach of covenant, and no delay on the part of the Mortgagee in exercising any of such rights shall be construed to preclude it from the exercise thereof at any time during the continuance of any such default, and the Mortgagee may enforce any one or more remedies hereunder successively or concurrently at its option.

Eleventh. All rights and obligations hereunder shall extend to and be binding, upon the several heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the said mortgagors have hereunto set their hands and seals the day and year first above written.

Signed, sealed and delivered in presence of:

[Signature]

H. E. Parker

[Signature]
Charlotte Cheppard

[Signature]
John U. Burton

(L. S.)

(L. S.)

[Signature]
John U. Burton

(L. S.)

(L. S.)

est at the rate of four per centum (4%) per annum from the date of payment, shall be secured hereby ratably and on a parity with all other indebtedness secured hereby, and shall be payable thirty (30) days after demand, or as may be otherwise agreed in writing between the parties hereto.

6. He will continuously maintain hazard insurance, of such type or types and amounts as Mortgagee may from time to time require, on the improvements now or hereafter on said premises, and except when payment for all such premiums has theretofore been made under (a) of paragraph 3 hereof, he will pay promptly when due any premiums therefor. All insurance shall be carried in companies approved by the Mortgagee and the policies and renewals thereof shall be held by the Mortgagee and have attached thereto loss payable clauses in favor of and in form acceptable to the Mortgagee. In event of loss Mortgagor will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee instead of to the Mortgagor and the Mortgagee jointly, and the insurance proceeds, or any part thereof, may be applied by the Mortgagee at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In event of foreclosure of this mortgage, or other transfer of title to the mortgaged property in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee.

7. He will abstain from the commission of waste on said premises and keep the buildings thereon and all equipment therein mortgaged in good repair, and promptly comply with all laws, ordinances, regulations, and requirements of any governmental body affecting the said mortgaged premises.

8. Upon request of the Mortgagee the Mortgagor shall execute and deliver a supplemental note or notes for the sum or sums advanced by the Mortgagee for the alteration, modernization, improvement, maintenance, or repair of said premises, for taxes or assessments against the same and for any other purpose authorized hereunder. Said note or notes shall be secured hereby on a parity with and as fully as if the advance evidenced thereby were included in the note first described above. Said supplemental note or notes shall bear interest at four per centum (4%) per annum and shall be payable in approximately equal monthly payments for such period as may be agreed upon by the creditor and debtor. Failing to agree on the maturity, the whole of the sum or sums so advanced shall be due and payable thirty (30) days after demand by the creditor. In no event shall the maturity extend beyond the ultimate maturity of the note first described above.

9. Should any default be made in the covenants of this mortgage, the Mortgagee may cause the abstract or abstracts of title and the tax histories of said premises to be certified to date, or may procure new abstracts of title and tax histories or title search in case none were furnished to the Mortgagee, and may pay therefor such sums as may reasonably be deemed to be necessary.

10. In the event damages are awarded for the taking of or injury to the property herein mortgaged, whether such taking or injury be done under the power of eminent domain or otherwise, any and all such damages arising thereunder shall be paid to the Mortgagee, to be applied toward the satisfaction of any and all indebtedness existing by virtue of this mortgage whether or not said indebtedness be then due.

11. He will pay to the Mortgagee forthwith the amounts of all sums of money which the Mortgagee shall pay or expend pursuant to the provisions, or any of them, hereinbefore contained, together with interest, upon each of said amounts until paid from the time of the payment thereof at the rate of four per centum (4%) per annum. Such payments shall be secured by this mortgage.

Exhibit 101 A-9
Sample V.A. Mortgage

1233a

Exhibit 101 A-9
Sample V.A. Mortgage
1234a

15. Upon default being made in the payment of the sums of money herein agreed to be paid or in the performance of any of the covenants or agreements herein contained according to the terms hereof or of the note secured hereby the Mortgagee is hereby authorized and empowered to sell or cause to be sold the property hereby mortgaged, and to convey the same to the purchaser, pursuant to the statute in such case made and provided, and out of the proceeds of such sale to retain the moneys due under the terms of this mortgage, the cost and charges of such sale, the attorney's fee provided by statute, and the amount necessary to reimburse the Veterans Administration for any sums paid by it on account of the guaranty or insurance of the indebtedness secured hereby, rendering the surplus moneys (if any) to said Mortgagor. In the event of public sale, the mortgaged premises may, at the option of the Mortgagee, be sold in one parcel.

16. Failure of the Mortgagor to pay any part of any installment of taxes, assessments or insurance premiums under the provisions of paragraph 3 hereof, or failure of the Mortgagor to pay any taxes, assessments, governmental charges or premiums on any policy of insurance covering any part of the mortgaged property as required by these presents, at the time or times when such items are due and payable, shall constitute waste within the meaning of Act 171 of the Public Acts of Michigan of 1937 (Stat. Ann. Sec. 27.1834).

17. If the indebtedness secured hereby be guaranteed or insured under the Servicemen's Readjustment Act, as amended, such Act and Regulations issued thereunder and in effect on the date hereof shall govern the rights, duties and liabilities of the parties hereto, and any provisions of this or other instruments executed in connection with said indebtedness which are inconsistent with said Act or Regulations are hereby amended to conform thereto.

18. The mailing of a written notice and demand by depositing it in any post office, station or letter box, enclosed in a postpaid envelope addressed to the owner of record of said mortgaged premises, and directed to said owner at the last address actually furnished to the holder of this mortgage, or if none, to said owner at said mortgaged premises, shall be sufficient notice and demand in any case arising under this instrument, and required by the provisions thereof or by law.

The covenants herein contained shall bind, and the benefits and advantages shall inure to, the respective heirs, executors, administrators, successors and assigns of the parties hereto. Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders and the term "Mortgagee" shall include any payee of the indebtedness hereby secured or any transferee thereof whether by operation of law or otherwise.

Where two or more persons execute this instrument, the obligation hereunder, and each grant of lien hereby made, shall be that of all and of any two or more jointly and of each severally.

IN WITNESS WHEREOF the Mortgagor(s) have set their hand(s) and seal(s) the day and year first above written.

Signed, sealed, and delivered in the presence of

[Signature]
A. Smith
[Signature]
C. M. Truman, Jr.

[Signature] [L. S.]
[Signature] [L. S.]
[L. S.]
[L. S.]

MICHIGAN NATIONAL BANK

APPLICATION FOR REAL ESTATE LOAN

The undersigned hereby makes application to the MICHIGAN NATIONAL BANK, for a loan of

6000.00

Dollars \$ 6000.00

for 20 years, with interest at 4 per cent per annum, said principal and interest being payable in monthly installments of \$ 36.36 and as security for said loan agrees to deliver to said Bank a first mortgage properly executed and duly recorded in the office of the Register of Deeds, in accordance with the laws of this State, on the premises described herein.

The undersigned further agrees to furnish a satisfactory abstract of title and tax histories to said property certified to date, to pay the expense of abstract examination, to have the buildings on said premises properly insured for the benefit of, and to deliver the policies to said Bank, with such insurance companies and in such amount as may be satisfactory to said Bank.

The proceeds of this loan, if granted, will be used for the following purposes:

Buy new home 3913 Black St. 6400.00
 700.00 down 51600.00 3600.00

EXHIBIT I - PERSONAL HISTORY

A. APPLICANTS

1 Name of Applicant Robert A. Johnson Age 28 Years

2 Name of Applicant Margaret M. Johnson Age 25 Years

Address 3401 Columbia Ave Telephone 2-7217

4 Former address of applicants

5 Age of dependent children 2-4 Other dependents None Bank account at Home

6 If veterans, date discharged 3-24-48 type of discharge Hon Length of Service 3 Years

B. EMPLOYED AT

1 Name of employer Brush Address Home

2 Type of business Engineer Position occupied Inspector

3 Years with present employer 9 Name and title of superior Ben Whitman

4 Name of former employer No Address No

5 Is wife employed No Name of Employer No Annual Income \$ No

C. IN BUSINESS FOR SELF

1 Name of business Address

2 Type of business Sole owner, partner, or title in corporation

3 Years in present business Business bank account at

Exhibit 101-A-9
 Sample V.A. Application for Real Estate Loan
 1235m

EXHIBITS 102 A-1 AND 102 A-11

Exhibit 102 A-1 (pp. 1237a through 1243a herein) is an example of the refinancing by Michigan National Bank of an earlier saving and loan association mortgage on the same residence. Exhibit 102 A-11 (pp. 1244a through 1249a herein) is an example of the refinancing by a savings and loan association of an earlier Michigan National Bank mortgage on the same residence. To avoid unnecessary duplication, the other 68 similar examples of refinancing from each community in which Michigan National Bank operates, which were introduced at trial, have not been printed herein. For the purpose of brevity, photographs of the residences involved have likewise been omitted from this appendix.

And the Mortgagors do hereby further covenant and agree with the Mortgagee as follows:

First. That the Mortgagors will pay to the Mortgagee said principal sum with interest thereon as herein provided, and any other sum, with interest thereon, paid by the Mortgagee under the covenants and conditions of this mortgage:

Second. That the Mortgagors will, until the debt hereby secured is fully satisfied, pay all taxes and assessments levied on said premises, and pay all premiums for keeping all insurable property covered hereby insured against loss and damage by fire and windstorm, with such insurances and in such amounts and manner as shall be, in the judgment of the Mortgagee, necessary or proper. The said taxes and assessments will be paid by the Mortgagors as follows:

commencing on May 1, 1949 next, and monthly thereafter, until the debt hereby secured is fully satisfied, except as hereinafter provided, the Mortgagors will deposit with

the Mortgagee not less than the sum of (\$) Dollars to be used in the payment of said taxes and assessments, when due, and in the event that sufficient funds for that purpose have not been deposited by the Mortgagors with the Mortgagee, when any such taxes or assessments become due and payable, the Mortgagors will forthwith pay the balance thereof to the Mortgagee. In the event said monthly payment shall, at the expiration of three (3) years from the date hereof, be found to have been insufficient or more than the necessary amount to satisfy the taxes and assessments which accrued during said period, the Mortgagee shall apply any surplus then accumulated upon the principal, and shall increase or reduce the monthly payment for taxes and assessments to such amount as will, in the judgment of the Mortgagee, be sufficient to satisfy the taxes and assessments to accrue during the following three year (3) period, and a similar application and adjustment shall be made every three years (3) thereafter, until the debt hereby secured is fully satisfied.

Third. That the Mortgagors will abstain from the commission of waste on said premises and will keep the buildings which are or shall be located thereon in good repair.

Fourth. That the Mortgagors will now and, at all times, during the life of this mortgage, at the cost and expense of the Mortgagors, promptly comply with all laws, ordinances, regulations or requirements of any lawfully constituted authority affecting said mortgaged premises; and will now and at all times do and perform all things necessary or required by law to perfect and maintain this mortgage as a legally enforceable security for the payment of all sums secured or intended to be secured hereby.

Fifth. That if default be made in the payment by the Mortgagors of any of the aforesaid taxes, or assessments, as above covenanted and agreed, or in keeping any other agreement herein contained, the Mortgagee may pay said taxes and special assessments, may make all necessary repairs, and may cause to be extended and certified the abstract or abstracts and tax histories of the mortgaged premises, or may procure new abstracts and tax histories in case none were furnished to the Mortgagee, and the moneys paid for any one or all of said purpose shall from time of their payment be due and payable with interest thereon at the rate of six per cent per annum, payable monthly until paid, and shall constitute a further lien upon said premises under this mortgage. In case of a foreclosure of this mortgage, the abstracts of title shall be absolute property of the Mortgagee.

Sixth. That in the event the mortgaged premises, or any part thereof, are taken under the power of eminent domain, the entire award shall be paid to the Mortgagee and applied first upon the principal last maturing hereunder, and the Mortgagee is hereby empowered in the name of the Mortgagors, or the Mortgagors' assigns, to receive and give acquittance for any such award or judgment, whether it be joint or several.

12. Upon any default in the performance of the covenants herein, the Mortgagee shall be entitled to enter into peaceable possession of the properties herein mortgaged and to receive the rents and profits therefrom and to apply the same toward the payment of taxes, upkeep of the property, and the fulfillment of the covenants of this mortgage, or, at his option, to cause a Receiver to be appointed.

13. Should any default be made in the payment of principal or interest, or in the performance of any other covenant of this mortgage or the note secured hereby or any part thereof, when the same is payable or the time of performance has arrived, as above provided, then all the remainder of the aforesaid sum with all sums due hereunder shall at the option of the Mortgagee without notice become immediately payable thereafter; although the period above limited for the payment thereof may not have expired, anything hereinbefore or in said note contained to the contrary notwithstanding, and any failure to exercise said option shall not constitute a waiver of the right to exercise the same at any other time.

14. No sale of the premises hereby mortgaged, no forbearances on the part of the Mortgagee and no extension of the time for the payment of the debt hereby secured given by the Mortgagee shall operate to release, discharge, modify, change or affect the original liability of the Mortgagor herein nor shall the lien of this instrument be altered thereby. In the event of the sale or transfer by operation of law or otherwise, of all or any part of said mortgaged premises, the said Mortgagee is hereby authorized and empowered to deal with such vendee or transferee with reference to said premises or the debt secured hereby, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any of the liabilities or undertakings hereunder.

W. J. S. 11 01

2810

31 1226 FEB 13 1952

STATE OF MICHIGAN

Mortgage

Kenneth A. Johnson and Wanda M.
Johnson, his wife.

TO

MICHIGAN NATIONAL BANK

RECORDED

REGISTER'S Office in Flint
Feb 13, 1952

Received for Record Feb 11 PM '52

of
FLINT, MICHIGAN

at o'clock M., and

Recorded in

of Mortgages on Page

322-

Register.

Michigan National Bank
Flint, Michigan

STATE OF MICHIGAN,
COUNTY OF Genesee

On this eighth day of February, A. D. 1952, before me, a Notary Public in and for said County, personally appeared Kenneth A. Johnson and Wanda M. Johnson, his wife, to me known to be the persons described in and who executed the within mortgage and acknowledged the execution thereof to be their free act and deed.

A. C. Smith
Notary Public, Genesee
A. C. Smith

County, Michigan.

My commission expires
February 26, 1954

EXHIBIT II — FINANCIAL STATEMENT

ASSETS

Cash on hand and in banks \$ 754

Market value of stocks and bonds \$

Cash surrender value of life insurance \$

Real estate: (Location and estimated value)

(1) none \$

(2) none \$

(3) none \$

Other assets: (Indicate character)

(1) 3000 \$ 3000

(2) 36 \$ 75

TOTAL ASSETS \$ 3150

Life Insurance } Company Scout

Company

ANNUAL INCOME

Salary, wages or commissions: \$ 3200

\$ per For the year \$ 3200

Annual income from investments:

Dividends \$

Interest \$

Rentals \$

Other \$

TOTAL ANNUAL INCOME \$ 3200

LIABILITIES

Notes payable to banks \$ 1100

Notes payable to others \$

Loans on life insurance policies \$

Mortgages and contracts payable

(1) To \$

(2) To \$

(3) To \$

Other obligations: (Indicate character)

(1) Current Cash \$

(2) \$

TOTAL LIABILITIES \$ 1100

Amount \$ 3500 Beneficiary wife

Amount \$ Beneficiary

ANNUAL CHARGES AGAINST INCOME

Payments on mortgages and contracts \$

Real estate taxes for year \$

Annual insurance premiums \$

Annual requirements for income tax \$ 184

Payments on other loans for year \$ 11

Other \$

Total annual charges against income \$ 195

Bal of income available for living expenses \$ 3005

TOTAL \$ 3200

Is any change in income anticipated? Give details

This Section to Be Used by Bank Only

DISPOSITION

Date 10/15/58 101-A-9

Remarks: 7/10/58

☐ Loan approved for \$

☐ Loan Declined

By

39

together with all the rights, privileges, interests, easements hereditaments and appurtenances thereto belonging or in any wise pertaining thereto, all fixtures and appliances therein or subsequently placed therein or thereon, and all the rents, issues, income, and profits of said mortgaged premises.

This mortgage is given to secure the performance of the provisions hereof and the payment of a certain obligation evidenced by a promissory note of even date herewith for the principal sum

of (\$ 5,000.00) FIVE THOUSAND AND NO/100 - - - - - Dollars, executed by the Mortgagors and payable to the order of the Mortgagee on or before

THIRTEEN (13) years after date, with interest thereon as provided in said note, said principal and interest being payable at the office of the Mortgagee in the City of Flint, Michigan,

in regular monthly installments of (\$ 50.00) Fifty and No/100 - - - - -

Dollars, or more, each, payable on or before the FIRST day of each calendar month hereafter, all of which indebtedness the Mortgagors severally promise and agree to pay to the order of the Mortgagee.

ADDITIONAL ADVANCES. This mortgage shall be continuing security for the payment of the indebtedness due and owing under said note, or any renewal thereof, and for all further and additional sums, absolute or contingent, present or future, as the said Mortgagee may advance to the Mortgagors on the security of this mortgage or which may become due and owing to the Mortgagee from the Mortgagors herein during the continuance of, and until the discharge of, this mortgage.

Sixth. That in the event the mortgaged premises, or any part thereof, are taken under the power of eminent domain, the entire award shall be paid to the Mortgagee and applied first upon the principal last maturing hereunder, and the Mortgagee is hereby empowered in the name of the Mortgagors, or the Mortgagors' assigns, to receive and give acquittance for any such award or judgment, whether it be joint or several.

Seventh. Upon default in any payment provided for by any evidence of indebtedness secured hereby, or in the event of a default by the Mortgagors in the performance of any one or more of the covenants and agreements herein contained, or upon the institution of any legal proceedings to enforce a mortgage or other lien upon the mortgaged property, or if a petition in bankruptcy shall be filed by or against the Mortgagors, or, if the Mortgagors shall, in any way be adjudged insolvent or shall make an assignment for the benefit of creditors, or, if there shall exist any lien or incumbrance on the mortgaged real estate superior to the lien of this mortgage or if said mortgaged property shall be levied upon by virtue of any execution, attachment or other writ, or shall come into the possession of or be ordered sold by the officers of any court, or if the Mortgagors shall abandon the mortgaged property, then the entire indebtedness secured hereby shall, at the option of the Mortgagee, become and be immediately due and payable, without notice or demand, and this mortgage may be foreclosed.

Eighth. The said Mortgagors hereby give and grant to the Mortgagee the right of possession of said premises, and the right, power and privilege to rent and lease the same, and to demand, collect all rents, profits and arrearages of rent or installments of principal or interest under a contract of sale of said property, if any, which may be due or owing to the Mortgagors.

RE 877-40 50

STATE OF MICHIGAN,
COUNTY OF GENESEE

On this Ninth day of April in the year
of our Lord one thousand nine hundred forty nine, before me, the subscriber, a notary
public in and for said county, personally appeared the above named
Gerald W. Barton and Jean W. Barton, his wife

to me known to be the same person as described in and who executed the foregoing instrument,
and who acknowledged that they executed the same as their free act and deed.

Gordon H. Mason
Notary Public, Genesee County, Michigan
Gordon H. Mason

My commission expires February 3, 1952

OK
W.A.H.

13 JAN 1952 42

PLAINTIFF'S EXHIBIT NO. 103

TABLE NO. 38 - Assets and liabilities of active national banks, Dec. 31, 1952

ASSETS

(In thousands of dollars)

Location	Number of banks	Loans and discounts, including overdrafts	U.S. Government securities, direct and guaranteed	Obligations of States and political subdivisions	Other bonds, notes, and debentures	Corporate stocks, including stocks of Federal Reserve banks	Currency and coin
Michigan	77	1,012,779	1,573,346	205,844	45,946	4,305	63,177
	Balances with other banks, including reserve balances and cash items in process of collection	Bank premises owned, furniture and fixtures	Real estate owned other than bank premises	Investments and other assets indirectly representing bank premises or other real estate	Customers' liability on acceptances outstanding	Other assets	Total assets
	791,488	18,580	86	1,400	236	11,153	3,728,340

(Abstracted from 90th Annual Report Comptroller of the Currency-1952)
Michigan National Bank v. Michigan Dept. of Revenue - Court of Claims No. 473

Statement of Assets and Liabilities of All Active
 National Banks in Michigan as of 12/31/52
 Exhibit 103
 1250a

PLAINTIFF'S EXHIBIT NO.

TABLE NO. 38 - Assets and liabilities of active national banks, Dec. 31, 1952-Continued

LIABILITIES

(In thousands of dollars)

Location	Demand deposits	Time deposits	Total deposits	Bills payable, re-discounts, and other liabilities for borrowed money	Acceptances executed by or for account of reporting banks and outstanding	Other liabilities	Capital stock ¹	Surplus	Undivided profits	Reserves and retained earnings
Michigan	2,467,498	1,048,243	3,515,741	- - -	236	38,863	48,040	86,461	32,223	6,776

¹ See classification on pp.156 and 157.

(Abstracted from 90th Annual Report, Comptroller of the Currency-1952)
Michigan National Bank v. Michigan Dept. of Revenue - Court of Claims No. 473

Statement of Assets and Liabilities of All Active National Banks in Michigan as of 12/31/52

Exhibit 103

1251a

PLAINTIFF'S EXHIBIT NO.

TABLE NO. 38 - Assets and liabilities of active national banks, Dec. 31, 1952 - Continued
(In thousands of dollars)

Location	Loans and discounts							
	Commercial and industrial loans (including open market paper)	Loans to farmers directly guaranteed by the Commodity Credit Corporation	Other loans to farmers	Loans to brokers and dealers in securities	Other loans for the purpose of purchasing or carrying stocks, bonds, and other securities	Real estate loans		
						Secured by farm land (including improvements)	Secured by residential properties (other than farm)	Secured by other properties
Michigan	360,993	600	9,963	5,057	6,446	7,098	301,462	60,799
Loans and discounts Continued								
	Other loans to individuals	Loans to banks	All other loans (including overdrafts)	Total gross loans	Less valuation reserves	Net loans		
	253,651	- - -	20,687	1,026,756	13,977	1,012,779		

(Abstracted from 90th Annual Report Comptroller of the Currency-1952)
Michigan National Bank v. Michigan Dept. of Revenue - Court of Claims No. 473

Statement of Assets and Liabilities of All Active
National Banks in Michigan as of 12/31/52
Exhibit 103
1252a

MICRO CARD
TRADE MARK **®**

22

596



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PLAINTIFF'S EXHIBIT NO.

TABLE NO. 38 - Assets and liabilities of active national banks, Dec. 31, 1952-Continued
(In thousands of dollars)

Location	Capital		Demand deposits					
	Preferred stock	Common stock	Individuals, partnerships, and corporations	U.S. Government	States and political subdivisions	Banks in United States	Banks in foreign countries	Certificates and cash, checks, etc.
Michigan	1,000	47,040	1,885,609	209,370	146,692	194,416	4,504	26,900
	Time deposits							
			Individuals, partnerships, and corporations	U.S. Government	Postal savings	States and political subdivisions	Banks in United States	Banks in foreign countries
			1,034,301	3,083	40	10,489	330	- - -

Statement of Assets and Liabilities of All Active National Banks in Michigan as of 12/31/52 Exhibit 103 12/31/52

- 1 Includes dividend checks, letters of credit and travelers' checks sold for cash, and amounts due to Federal Reserve banks (transit account).

(Abstracted from 90th Annual Report Comptroller of the Currency-1952)
Michigan National Bank v. Michigan Dept. of Revenue - Court of Claims No. 473

Ex. 104
10/20/58
er

MICHIGAN NATIONAL BANKF. H. A. TITLE I LOANS

<u>Year</u>	<u>Average Outstanding</u>	<u>Average Yield</u>	<u>Estimated Annual Income</u>
1947	3,710,043	7.18%	266,407
1948	4,568,145	7.18	327,993
1949	5,495,308	7.18	394,563
1950	6,862,472	7.18	492,725
1951	7,613,931	7.18	546,680
1952	7,719,698	7.18	554,273

77

Ref 106
10/22/58
er

INDUSTRIAL SAVINGS AND LOAN ASSOCIATION
Now known as PEOPLES SAVINGS AND LOAN ASSOCIATION
Battle Creek, Michigan

Conventional Real Estate Mortgage Loans Made During 1952

Maturity Analysis

Number of Years To Maturity	Number Of Loans Made	Percentage To Total Number of Loans Made	Amount of Loans Made	Percentage to Total Amount of Loans Made	Total Aggregate Number of Years To Maturity	Aggregate Average Number of Years to Maturity By Number of Loans
4 to 5	1	.33	13,000	.81	4.5	
5 to 6	3	.98	21,100	1.32	16.5	
6 to 7	2	.66	19,000	1.19	13	
8 to 9	3	.98	14,500	.91	25.5	
9 to 10	1	.33	2,150	.13	9.5	
10 to 11	184	60.32	988,475	61.91	1,932	
11 to 12	90	29.51	346,175	21.68	1,035	
13 to 14	1	.33	6,600	.41	13.5	
14 to 15	16	5.24	136,100	8.53	232	
16 to 17	1	.33	22,500	1.41	16.5	
18 to 19	1	.33	2,700	.17	18.5	
21 to 22	1	.33	15,200	.95	21.5	
23 to 24	1	.33	9,300	.58	23.5	
Total	305	100%	1,596,800	100%	1,261.5	11.0

APPRAISAL ANALYSIS

Percentage of Loan Appraisal Plus	Number of Loans Made	Percentage To Total Number of Loans Made	Amount of Loans Made	Percentage To Total Amt of Loans Made	Total of the Appraisal Percentage	Average Aggregate Appraisal Percentage By Number of Loans
70 or less	176	57.70	641,525	52.70	8,101	46%
over 60%	129	42.30	755,275	47.30	8,420	65%
Total	305	100%	1,396,800	100%	16,521	54%

DISCHARGE OF MORTGAGE BY A CORPORATION
(Form 102) (Rev. 12-7-57)

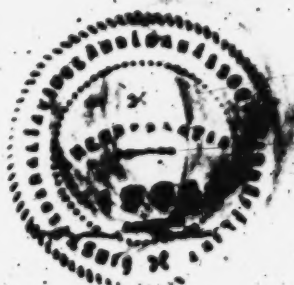
972 572

Recorded	
at	
Lib. of Mortgage, Page	
Register of Deeds	

Knows all Men by these Presents, That a certain INDENTURE OF MORTGAGE, bearing date the Fifth day of April, A. D. 1949, made and executed by Gerald V. Barton and Jean G. Barton, his wife

First Federal Savings and Loan Association of Flint

and recorded in the Register's Office for the County of Genesee, State of Michigan, in Liber 844, of the first part, on the Second day of May, A. D. 1949.



RECORDED
Dec 31 3 15 PM '52
GENESEE COUNTY
FLINT, MICHIGAN
E. M. Smith
REGISTER OF DEEDS

is fully paid, satisfied and discharged

IN WITNESS WHEREOF, said First Federal Savings and Loan Association of Flint has caused these presents to be signed by its President and its corporate seal to be hereunto affixed, this Twenty-Fourth day of December, A. D. 19 52

In Presence of

Gordon H. Mason
Gordon H. Mason

Jean Lynch
Jean Lynch

First Federal Savings and Loan Association of Flint

R. E. Parker
R. E. Parker, President

MORTGAGE

772 409

MORTGAGE made this 24th day of December, 1952, between Charles E. Hoskins and
Mary W. Hoskins, his wife, of the City of
County of Genesee, State of Michigan, hereinafter referred to as the Mortgagor,
MICHIGAN NATIONAL BANK, a National Banking Association
incorporated and existing under the laws of United States of America, hereinafter
referred to as the Mortgagee.

WITNESSETH: That the Mortgagor for and in consideration of the sum of Ninety two hundred and no/100 - - -
Dollars (\$92,000.00), the receipt whereof is hereby acknowledged, and
purpose of securing the repayment of said sum, with interest as hereinafter provided, and the performance of the covenants
herein contained, hereby mortgages and warrants unto the Mortgagee, its successors and assigns, the lands, premises, and
situated in the Township of Barton, County of Genesee
State of Michigan, described as follows, to wit:

Lots 564 and 565 of Lapeer Heights, according to the recorded
plat thereof.

That he will promptly pay the principal of and interest on the indebtedness evidenced by the said note, at the times and in the manner therein provided. Privilege is reserved to pay the debt in whole, or in an amount equal to one or more monthly payments of the principal that are next due on the note, on the first day of any month prior to maturity; provided, however, notice of an intention to exercise such privilege is given at least thirty (30) days prior to prepayment; and, provided that in the event the debt is paid in full prior to maturity and at that time it is insured under the provisions of the National Housing Act he will pay to the Mortgagee an adjusted premium charge of one per centum (1%) of the original principal of the note, except that in no event shall the adjusted premium exceed the aggregate amount of premium charges which would have been payable if the mortgage had continued to be insured until maturity; such payment to be applied by the Mortgagee to the Federal Housing Commissioner on account of mortgage insurance.

That, in order more fully to protect the security of this mortgage, the Mortgagor, together with, and in addition to, the payments of principal and interest payable under the terms of the note secured hereby, will pay to the Mortgagee the sum:

that this mortgage and the note secured hereby are insured under the provisions of the National Housing Act and so long as they continue to be so insured, one-twelfth (1/12) of the annual mortgage insurance premium for the purpose of putting the Mortgagee in funds with which to discharge its obligation to the Federal Housing Commissioner for mortgage insurance premiums pursuant to the applicable provisions of the National Housing Act, as amended, and Regulations thereunder. The Mortgagee shall, on the termination of its obligation to pay mortgage insurance premiums, credit to the account of the Mortgagor all payments made under the provisions of this subsection which the Mortgagee has not become obligated to pay to the Federal Housing Commissioner.

sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one month prior to the date when such ground rents, premiums, taxes, and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay said ground rents, premiums, taxes, and special assessments.

All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid by the Mortgagor each month in a single payment to be applied by the Mortgagee to the following items in the order set forth:

- (i) premium charges under the contract of insurance with the Federal Housing Commissioner;
- (ii) ground rents, taxes, assessments, fire and other hazard insurance premiums;
- (iii) interest on the note secured hereby; and
- (iv) amortization of the principal of said note.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good by the Mortgagor prior to the due date of the next such payment, constitute an event of default under this mortgage. The Mortgagee may collect a "late charge" not to exceed two cents (2c) for each dollar (\$1) of each payment more than fifteen (15) days in arrears to cover the extra expenses involved in handling delinquent payments.

That: If the total of the payments made by the Mortgagor under (b) of paragraph Third preceding shall exceed the sum of payments actually made by the Mortgagee for ground rents, taxes, or assessments or insurance premiums, as the case may be, such excess shall be credited by the Mortgagee on subsequent payments to be made by the Mortgagor. If, however, the payments made by the Mortgagor under (b) of paragraph Third preceding shall not be sufficient to pay ground rents, taxes, assessments, and insurance premiums, as the case may be, when the same shall become due and payable, then the Mortgagee shall pay to the Mortgagee any amount necessary to make up the deficiency, on or before the date when payment of such ground rents, taxes, assessments, or insurance premiums shall be due. If at any time the Mortgagor shall tender to the Mortgagee, in accordance with the provisions of the note secured hereby, full payment of the entire indebtedness represented thereby, the Mortgagee shall, in computing the amount of such indebtedness, credit to the account of the Mortgagor all payments made under the provisions of (a) of paragraph Third hereof which the Mortgagee has not become obligated to pay to the Federal Housing Commissioner, and any balance remaining in the funds accumulated under the provisions of (b) of paragraph Third hereof shall be any default under any of the provisions of this mortgage resulting in foreclosure or public sale of the property secured hereby or if the Mortgagee acquires the property otherwise after default, the Mortgagee shall apply, at the time of commencement of such proceedings or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under (b) of paragraph Third preceding as a credit against the amount of principal then remaining unpaid on the note and shall properly adjust any payments which shall have been made under (a) of said paragraph.

That: That he will pay at maturity all ground rents, taxes, assessments, and all other charges and encumbrances which now exist or hereafter be or appear to be a lien upon the said premises or any part thereof, and for which provision has not been made herein, and will make payments on account of the taxes and assessments levied or to be levied against the premises in accordance with (b) of paragraph Third hereof; and that in default thereof the Mortgagee may, without demand or notice, sell the premises, taxes, assessments, charges, or encumbrances, and pay such sum of money as the Mortgagee may deem to be necessary and shall be the sole judge of the legality or validity thereof and of the amount necessary to be paid in satisfaction thereof.

972 411

NINTH: That he will pay to the Mortgagee forthwith the amounts of all sums of money which the Mortgagee shall pay or expend pursuant to the provisions, or any of them, hereinafter contained, together with interest, upon each of said amounts until paid from the time of the payment thereof at the rate set forth in the note secured hereby, and such payments shall be a further lien on the premises under this mortgage.

TENTH: That should any default be made in the payment of principal or interest, or in the performance of any other covenant of this mortgage or the note secured hereby or any part thereof, when the same is payable or the time of performance has arrived, as above provided, then all the remainder of the aforesaid sum with all sums due hereunder shall at the option of the Mortgagee without notice become immediately payable thereafter, although the period above limited for the payment thereof may not have expired, anything heretofore or in said note contained to the contrary notwithstanding, and any failure to exercise said option shall not constitute a waiver of the right to exercise the same at any other time.

ELEVENTH: That no sale of the premises hereby mortgaged and no forbearances on the part of the Mortgagee and no extension of the time for the payment of the debt hereby secured given by the Mortgagee shall operate to release, discharge, modify, change or affect the original liability of the Mortgagor herein either in whole or in part.

TWELFTH: That upon default being made in the payment of the sums of money herein agreed to be paid or in the performance of any of the covenants or agreements herein contained according to the terms hereof or of the note secured hereby the Mortgagee is hereby authorized and empowered to sell or cause to be sold the property hereby mortgaged, and to convey the same to the purchaser, pursuant to the statute in such case made and provided, and out of the proceeds of such sale to retain the moneys due under the terms of this mortgage, the costs and charges of such sale and also the attorneys' fee provided by statute, rendering the surplus moneys (if any there should be) to the said Mortgagor. In the event of public sale, the mortgaged premises may, at the option of the Mortgagee, be sold in one parcel.

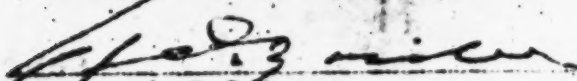
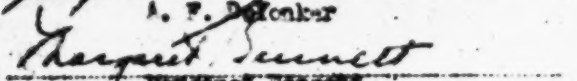
THIRTEENTH: The Mortgagor further agrees that should this mortgage and the note secured hereby not be eligible for insurance under the National Housing Act within _____ from the date hereof (written statement of any officer of the Federal Housing Administration or authorized agent of the Federal Housing Commissioner dated subsequent to the time from the date of this mortgage, declining to insure said note and this mortgage, being deemed conclusive proof of such ineligibility), the Mortgagee or the holder of the note may, at its option, declare all sums secured hereby immediately due and payable.

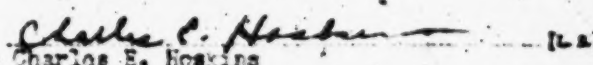
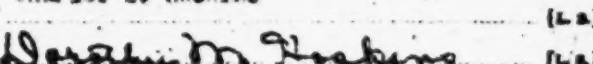
FOURTEENTH: The Mortgagee covenants and agrees that so long as this mortgage and the said note secured hereby are insured under the provisions of the National Housing Act, he will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the basis of race, color, or creed. Upon any violation of this undertaking, the Mortgagee may, at its option, declare the unpaid balance of the debt secured hereby immediately due and payable.

The covenants herein contained shall bind, and the benefits and advantages shall inure to, the respective heirs, executors, administrators, successors and assigns of the parties hereto. Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

IN WITNESS WHEREOF the Mortgagor(s) have set their hand(s) and seal(s) the day and year first above written.

Signed, sealed, and delivered in the presence of


A. F. DeFonker

Margaret Bennett

 [L.S.]
Charles E. Hoskins [L.S.]
 [L.S.]
Dorothy M. Hoskins [L.S.]

REAL ESTATE MORTGAGE

MICH 955 PAGE 2

THIS MORTGAGE made this **Twentieth** day of **June** 19 **52**,
between **John S. Wyman and Winifred M. Wyman, his wife**

of **Flint**, **Michigan**, hereinafter
referred to as the Mortgagors, and **MICHIGAN NATIONAL BANK**, a National Banking Association, having an office
in the city hereinafter designated, hereinafter referred to as the Bank.

WITNESSETH, That the Mortgagors, in consideration of the principal amount of
Thirteen Thousand and no/100 ----- **DOLLARS \$ 13,000.00**
paid to them by the Bank, the receipt of which is hereby acknowledged, hereby mortgage and warrant to the Bank, its
successors and assigns, forever, the land and property situated in the Township of **Grand Blanc**
County of **Genesee** and the State of **Michigan**, described as follows:

Beginning at a point where the center line of Saginaw Turnpike, now Dixie Highway, so called, intersects the north line of Section 24, Township 6 North, Range 2 East; thence running in a southeasterly direction along the center line of said highway 100 feet; thence westerly parallel with the north line of said section to the east line of the west 1/3 of the east half of the northwest quarter of said section; thence due north along said line to the north line of said section; thence east along the north line of said section to the place of beginning.

2. The Mortgagors shall pay to the Bank forthwith all amounts which the Bank shall pay pursuant to any of the aforesaid provisions, together with interest upon each of said amounts from the time of the payment thereof by the Bank until repayment by the Mortgagors at the rate of seven per cent per annum, and all such payments by the Bank shall be a further lien on said property.

10. That if damages are awarded for the taking of or injury to said property, or any part thereof, whether under the power of eminent domain or otherwise, all such damages shall be paid to the Bank, and if paid prior to the redemption from foreclosure of this mortgage, shall be applied to the satisfaction of all indebtedness created by this mortgage.

11. If any person or persons shall succeed to the interest of the Mortgagors in said property, or any part thereof, the Bank may from time to time deal with and enter into such agreements with any successor in interest of the Mortgagors as it may desire. The Mortgagors, by reason thereof, shall not be deemed to have been released to any extent whatever from liability for the payment of the debt secured hereby.


12. If any default be made in the payment of any principal or interest due hereunder or according to said note, or in the payment of any principal or interest of indebtedness resulting from such other sums heretofore or hereafter advanced or according to the note or notes given therefor, or in the performance of any other covenants of this mortgage or the note secured hereby, or any part thereof, by the Mortgagors, their heirs, executors, administrators, successors or assigns, or if they shall allow or permit any legal or equitable lien to stand or be placed against said property which will in any way affect or weaken the security herein given, or shall do any act whereby said property is made less valuable, and if such default shall continue for thirty days, then thereafter at the election of the Bank the whole of said principal and the interest thereon shall be immediately due and payable, and no notice other than the commencement of proceedings to foreclose this mortgage, or collect such moneys, shall be required to be given of such election. In case of any such default, the Bank is hereby authorized to sell and convey said property, with the appurtenances thereto belonging, at public auction, and execute to the purchaser or purchasers, its, his, her, or their heirs, successors or assigns, good and sufficient deed or deeds of conveyance of said property, pursuant to the statute in such case provided; and after deducting said principal and interest, the amounts paid for taxes, assessments, insurance, repairs, encumbrances, abstracts and tax liens, with interest, as heretofore provided, legal costs and an attorney fee as provided by law, pay the surplus moneys, if any, to the Mortgagors, their representatives or assigns.

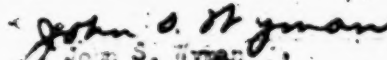
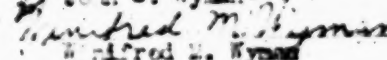
13. The word "Mortgagors" shall be read in the singular or plural and shall be construed in the masculine, feminine or neuter as the case may be.

14. The covenants and agreements contained in this mortgage shall run with the land and shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF the Mortgagors have hereunto set their hands and seal, or if a corporation, has caused its corporate name and seal to be hereunto affixed this day and year first above written at Flint Michigan.

Signed, Sealed and Delivered
in the presence of


A. F. DeYonker

 (L. S.)
John S. Wyman
 (L. S.)
Winifred M. Wyman

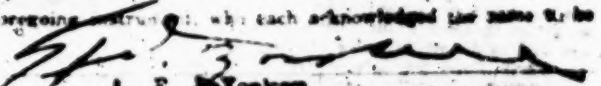
 (L. S.)
A. F. DeYonker

STATE OF MICHIGAN

COUNTY OF Genesee

On this Twentieth day of June 1952, before me, a Notary Public in and for said County, appeared John S. Wyman and Winifred M. Wyman, his wife

to me known to be the same persons who executed the foregoing instrument, who each acknowledged the same to be his or her free act and deed.


A. F. DeYonker
Notary Public, Genesee County, Michigan
My commission expires May 2, 1955

STATE OF MICHIGAN

COUNTY OF

On this day of 19 before me, a Notary Public in and for said County, appeared and to me known, who being by me sworn, did say that they are respectively the

of the corporation named in and which executed the within mortgage, that the seal affixed thereto is the corporate seal of said corporation, and that said mortgage was signed and sealed in behalf of said corporation by authority of its board of directors; and said persons acknowledged said mortgage to be the free act and deed of said corporation.

REAL ESTATE MORTGAGE

REC 963 REG 612

This Mortgage, Made the Nineteenth day of September

in the year of our Lord one thousand nine hundred Fifty Two

WITNESSETH: That Michael L. Ivanoff and Genevieve Ivanoff, his wife

hereinafter referred to as the "Mortgagors" whether singular or plural, MORTGAGE AND WARRANT to FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF FLINT, at Flint, Michigan, a corporation organized under the laws of the United States, hereinafter referred to as the "Mortgagee" the following described real estate situated in the Township of Grand Blanc, Genesee County, Michigan, to wit:

Beginning at a point where the center line of Saginaw Turnpike, now Dixie Highway, so called, intersects the North line of Section 26, Township 6 North, Range 7 East; thence running in a southeasterly direction along the center line of said highway 400 feet; thence westerly parallel with the North line of said section to the East line of the West 1/8 of the East half of the Northwest quarter of said section; thence due North along said line to the North line of said section; thence East along the North line of said section to the place of beginning.

26-6-11

STATE OF MICHIGAN,

County of Genesee

On the Twenty-Fourth day of December, A. D. 19 52

before me, appeared R. E. Parker

to me personally known, who being by me duly sworn, did say that He is the President

of First Federal Savings and Loan Association of Flint

and that the seal affixed to the foregoing instrument is the corporate seal of said Association

and that said instrument was signed and sealed in behalf of said Association by authority of its Board of

Directors and that said R. E. Parker

of said First Federal Savings and Loan Association of Flint

Gordon H. Mason

27745

Gordon H. Mason

Notary Public

Michigan National Bank
Flint, Michigan

DEC 31 1952

Genesee County, Michigan

My commission expires February 17, 1956

IN THE FOREGOING AND IN ENCLOSED SEAL, THERE ARE TWO COPIES OF THE FOREGOING (1) AND (2) IS THE LAST CLAUSE OF THE FOREGOING AND IS THE LAST CLAUSE.

PRINT, TYPEWRITE OR STAMP NAME OF PERSON SIGNING THIS INSTRUMENT, ALSO NAME OF THE WITNESSES AND NOTARY PUBLIC SIGNING THIS INSTRUMENT, HERE.

WITNESSES AND CHAIRMAN OF THE BOARD

together with the hereditaments and appurtenances thereto belonging, including all gas and electric fixtures, radiators, radiators, sinks or covers, heaters, oil burners, gas burners, engines, and machinery, boilers, furnaces, ranges, elevators and mowers, bath-tubs, sinks, water closets, basins, pipes, showers, faucets and other plumbing and heating fixtures, mirrors, mantels, refrigerating sets and ice boxes, screens, awnings, cooking apparatus and appurtenances, and such other goods and chattels and personal property as are ever furnished by a landlord in letting or operating an unfurnished building, similar to the one herein described, referred to, which are now or shall hereafter be attached to said building or premises by nails, screws, bolts, pipe connections, masonry, or in any other manner, which are and shall be deemed to be fixtures and an accession to the freehold and a part of the realty as between the parties hereto, their heirs, executors, administrators, successors and assigns, and all persons claiming by, through, or under them, and shall be deemed to be a portion of the security for the indebtedness herein mentioned and to be covered by this mortgage.

TO HAVE AND TO HOLD the above mortgaged premises, together with the appurtenances thereto appertaining unto the said Mortgagee forever, provided that if the Mortgagor shall pay the principal and all interest as provided in a certain promissory note executed by said Mortgagor to said Mortgagee of even date herewith and shall pay all other sums hereinafter provided for, and shall well and truly keep and perform all of the covenants herein contained, then this mortgage and the aforesaid note shall be null and void; otherwise to remain in full effect.

And the Mortgagor hereby covenants as follows:

First: For value received and the consideration aforesaid, the Mortgagor hereby agrees to pay to the Mortgagee at the office of the City of Flint, in the County of Genesee, State of Michigan, or at such other place as the holder of the note may designate in writing, the principal sum of Fifty two hundred and no/100 Dollars (\$9,200.00), with interest from date at the rate of four and one quarter per centum (4 1/4%), per annum on the unpaid balance until paid. The said principal and interest shall be payable in monthly installments of Fifty seven and 00/100 Dollars (\$57.00), commencing on the first day of February, 1953, and on the first day of each month thereafter until the principal and interest are fully paid, except that the final payment of principal and interest, if not sooner paid, shall be due and payable on the first day of January, 1973, according to the terms of a promissory note bearing even date herewith executed by the Mortgagor to the Mortgagee.

That he will keep the improvements now existing or hereafter created on the mortgaged property, insured as may be from time to time by the Mortgagee against loss by fire and other hazards, cancellable and assignable in such amounts for such periods as may be required by the Mortgagee and will pay promptly, when due, any premiums on such insurance for payment of which has not been made hereinbefore. All insurance shall be carried in companies approved by the Mortgagee and the policies and renewals thereof shall be held by the Mortgagee and have attached thereto loss payable clauses in full and in form acceptable to the Mortgagee. In event of loss Mortgagee will give immediate notice by mail to the Mortgagor, who may make proof of loss if not made promptly by Mortgagee, and such insurance company concerned is hereby notified and directed to make payment for such loss directly to the Mortgagee instead of to the Mortgagor and the Mortgagee, and the insurance proceeds, or any part thereof, may be applied by the Mortgagee at its option either to the satisfaction of individuals hereby secured or to the restoration or repair of the property damaged. In case of foreclosure of this mortgage or other transfer of title to the mortgaged property in extinguishment of the individuals secured hereby, all right and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee.

That he will abstain from the commission of waste on said premises and keep the buildings thereon and all equipment therein mortgaged in good repair, and promptly comply with all laws, ordinances, regulations, and requirements of any governmental body affecting the said mortgaged premises, and should said premises or any part thereof require inspection, repair, or attention of any kind or nature not provided by the Mortgagee, the Mortgagee, being hereby made sole judge of the need therefor, may, after notice to the Mortgagor, enter or cause entry to be made upon said property, and inspect, repair, protect, or maintain said property as the Mortgagee may deem necessary, and may pay such sum of money as the Mortgagee may deem to be necessary therefor, and shall be the sole judge of the amount necessary to be paid.

That should any default be made in the covenants of this mortgage, the Mortgagee may cause the abstract or books of title and the tax histories of said premises to be certified to date, or may procure any abstract of title and tax sales or title search in case none were furnished to the Mortgagee, and may pay therefor such sums as it may deem to be necessary, and if unpaid, may pay the mortgage tax on this instrument, and shall be the sole judge of the amount necessary to be paid therefor.

10-2204
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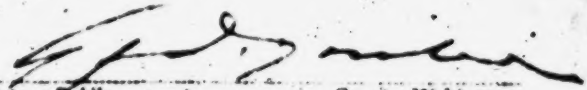
STATE OF MICHIGAN,
COUNTY OF Genesee

On this 21th day of December, A. D. 1952, before me, a Notary Public in and for said County, personally appeared Charles E. Hoskins and Dorothy M. Hoskins, his wife
to me known to be the person described in and who executed the within mortgage and acknowledged the execution thereof to be
their free act and deed.

DEC 29 '52

275-51

My Commission expires
May 2, 1955


Notary Public, Genesee County, Michigan.
A. V. DeYonker

Michigan National Bank
Flint, Michigan

RECORDED
Eugene M. Smith
REGISTER OF DEEDS
DEC 29 3 41 PM '52
GENESEE COUNTY
FLINT, MICHIGAN

Together with the easements, hereditaments and appurtenances thereunto, now or hereafter belonging; or in anywise appertaining, and all buildings and other structures now or hereafter situated on said land, all window and door screens, window insulating units, storm windows and doors, awnings, cabinets, shelving, counters, partitions, elevators, in-a-door beds, curtain and shade fixtures, shades, venetian blinds, linoleum and similar coverings, gas and electric fixtures built-in refrigerators, ventilators and incinerators, laundry equipment, pumps, dynamo, generators, furnaces, and generally all heating, lighting, air conditioning, ventilating, refrigerating, cleaning, incinerating, power, plumbing and other fixtures, machinery, appliances, apparatus, equipment and devices, which may now or at any time hereafter be situated thereon and attached thereto, to secure the performance of the covenants hereinafter contained.

This mortgage shall secure the repayment of said principal amount and such other sums as the Bank heretofore may have advanced or may hereafter advance from time to time to the Mortgagors, or either of them, and shall be a continuing security for any and all such sums, principal and interest; and this mortgage is given upon condition that if the Mortgagors shall pay to the Bank, its successors or assigns, said principal amount with interest thereon, according to the terms of a promissory note of this date executed by the Mortgagors, and any other indebtedness resulting from the advancement of such other sums heretofore or hereafter by the Bank to the Mortgagors with interest thereon, according to the promissory note or notes given therefor from time to time, but not in excess of the original principal amount of the mortgage, then this mortgage and said note or notes shall cease. The rate of interest on all indebtedness secured hereby shall be seven per cent per annum from the date of default in the terms of such indebtedness until redemption from sale under foreclosure of the mortgaged property, notwithstanding any provisions to the contrary in the evidence of such indebtedness.

The Mortgagors covenant with the Bank that:

1. The Mortgagors shall pay said principal amount and interest thereon, according to the terms of said note.
2. The Mortgagors hold a free, clear and unencumbered fee simple title to said mortgaged property, and they will forever warrant and defend the same.
3. The Mortgagors in addition to, and at the times of the monthly payments of principal and interest, shall pay to the Bank such additional amounts as shall be estimated from time to time by the Bank as necessary for the establishment of a reserve fund from which, insofar as it may be sufficient, the Bank shall pay when due all taxes, assessments and insurance premiums on said property. If the Bank has not by reason of said payments, a sufficient sum to pay such taxes, assessments and insurance premiums, the Mortgagors shall forthwith on demand pay to the Bank a sum, which with the sums already paid to the Bank as aforesaid, will be sufficient to pay in full all such taxes, assessments and insurance premiums. The Bank shall apply, at the time of the commencement of foreclosure proceedings or at the time the property is otherwise acquired after default, the balance then remaining in such reserve fund as a credit first against the interest and then the principal remaining unpaid under said note. If the payments made by the Mortgagors into such fund shall exceed the amount of the payments by the Bank for taxes, assessments and insurance premiums, the Bank may return said excess to the Mortgagors or apply the same to any payment then due or to become due on said note.
4. The Mortgagors shall pay when due all ground rents, taxes, assessments, and other charges and encumbrances which now are, or shall hereafter be or appear to be, a lien upon all or any part of said property and for which provision has not been made hereinbefore, and in default thereof, or in default in the payment to the Bank of the amounts required in paragraph 3 hereof, the Bank may, without demand or notice, pay the said rents, taxes, assessments, charges or encumbrances, in such amounts as the Bank in its sole judgment may deem to be necessary therefor.
5. The Mortgagors shall insure the improvements now existing or hereafter erected on said property against loss by fire and other hazards and casualties in such companies, in such amounts, and for such periods as shall be approved by the Bank, and shall pay when due all premiums on such insurance for which provision has not been made hereinbefore. All insurance policies and renewals thereof shall be held by the Bank and have attached thereto loss payable clauses in favor of and in forms approved by the Bank. In the event of loss the Mortgagors shall give immediate notice by mail to the Bank, which may make proof of loss if not made promptly by the Mortgagors. Any insurance company so authorized and directed to make payment for such loss directly to the Bank, and the insurance proceeds or any part thereof may be applied by the Bank either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In the event of foreclosure of this mortgage or other transfer of title to the mortgaged property in satisfaction of the indebtedness secured hereby, all right, title and interest of the Mortgagors in and to any insurance policies then in force shall pass to the purchaser or grantee. If the Mortgagors shall fail to procure such insurance, the Bank may procure the same and pay the premiums thereon.
6. The failure of the Mortgagors to pay or to provide for the payment of any taxes assessed against said property or any insurance premium upon a policy covering any of said property shall constitute waste and shall entitle the Bank where provided by law to the appointment by a court of competent jurisdiction of a receiver of the property for the purpose of preventing such waste, which receiver, subject to the order of the court, may collect the rents and income from said property and exercise such control over said property as to such court may seem proper.
7. The Mortgagors shall abstain from the commission of waste on said property and shall keep the buildings and all mortgaged equipment thereon in good repair and shall comply promptly with all laws, ordinances, regulations and requirements of any governmental body affecting said property or the use thereof. If said property or any part thereof shall require inspection, repair or care of any kind which the Mortgagors shall fail to provide, the Bank may, after notice to the Mortgagors, enter, inspect, repair and cure for said property and pay such amounts therefor, as in its sole judgment it may deem necessary.
8. If any default be made in the covenants of this mortgage, the Bank may cause any abstracts of title and tax histories in its possession for said property to be certified to date, or may procure new abstracts of title and tax histories if none were furnished to the Bank, and may pay therefor such amounts as in its sole judgment it may deem necessary.

**REAL ESTATE
MORTGAGE**

Pgt's
E+ 102 = A = 11
7/2/58
Btu

TO THE
MICHIGAN NATIONAL BANK

REGISTER'S OFFICE

RECORDED
Book No. 102
LOCAL RECORDS OF DEEDS

day **Jan 24** 9 59 AM '52

at **OSHTOS COUNTY**
FLINT, MICHIGAN and recorded
in **Lib. 102** of Mortgages, on

Michigan National Bank
Flint, Michigan

Recorder of Deeds in and for said County

Notary Public,
My commission expires

County, Michigan

together with all the rights, privileges, interests, easements, hereditaments and appurtenances thereto belonging or in any way pertaining thereto, all fixtures and appliances thereto or subsequently placed thereto or thereon, and all the rents, issues, income, and profits of said mortgaged premises.

This mortgage is given to secure the performance of the provisions hereof and the payment of a certain obligation evidenced by a promissory note of even date herewith for the principal sum of (\$ 15,000.00) FIFTEEN THOUSAND AND NO/100 - - - - - Dollars, executed by the Mortgagors and payable to the order of the Mortgagee on or before

Twelve (12) years after date, with interest thereon as provided in said note, said principal and interest being payable at the office of the Mortgagee in the City of Flint, Michigan, in regular monthly installments of (\$ 150.00) One Hundred Fifty and No/100 - - - - -

Dollars, or more, each, payable on or before the First day of each calendar month hereafter, all of which indebtedness the Mortgagee severally promises and agrees to pay to the order of the Mortgagee.

ADDITIONAL ADVANCE. This mortgage shall be continuing security for the payment of the indebtedness due and owing under said note, or any renewal thereof and for all further and additional sums, checks or drafts, present or future, as the said Mortgagee may advance to the Mortgagee on the security of this mortgage or which may become due and owing to the Mortgagee from the Mortgagors herein during the continuance of, and until the discharge of, this mortgage.

001 013

And the Mortgagors do hereby further covenant and agree with the Mortgagee as follows:

First. That the Mortgagors will pay to the Mortgagee said principal sum with interest thereon as herein provided, and any other sum, with interest thereon, paid by the Mortgagee under the covenants and conditions of this mortgage.

Second. That the Mortgagors will, until the debt hereby secured is fully satisfied, pay all taxes and assessments levied on said premises, and pay all premiums for keeping all insurable property covered hereby insured against loss and damage by fire and windstorm, with such insurers and in such amounts and manner as shall be, in the judgment of the Mortgagee, necessary or proper. The said taxes and assessments will be paid by the Mortgagors as follows:

commencing on November 1, 1938 next, and monthly thereafter, until the debt hereby secured is fully satisfied, except as hereinafter provided, the Mortgagors will deposit with

the Mortgagee not less than the sum of (\$) annual taxes per month Dollars to be used in the payment of said taxes and assessments, when due, and in the event that sufficient funds for that purpose have not been deposited by the Mortgagors with the Mortgagee, when any such taxes or assessments become due and payable, the Mortgagors will forthwith pay the balance thereof to the Mortgagee. In the event said monthly payment shall, at the expiration of three (3) years from the date hereof, be found to have been insufficient or more than the necessary amount to satisfy the taxes and assessments which accrued during said period, the Mortgagee shall apply any surplus then accumulated upon the principal, and shall increase or reduce the monthly payment for taxes and assessments to such amount as will, in the judgment of the Mortgagee, be sufficient to satisfy the taxes and assessments to accrue during the following three year (3) period, and a similar application and adjustment shall be made every three years (3) thereafter, until the debt hereby secured is fully satisfied.

Third. That the Mortgagors will abstain from the commission of waste on said premises and will keep the buildings which are or shall be located thereon in good repair.

Fourth. That the Mortgagors will now and at all times, during the life of this mortgage, at the cost and expense of the Mortgagors, promptly comply with all laws, ordinances, regulations or requirements of any lawfully constituted authority affecting said mortgaged premises, and will now and at all times do and perform all things necessary or required by law to perfect and maintain this mortgage as a legally enforceable security for the payment of all sums secured or intended to be secured hereby.

Fifth. That if default be made in the payment by the Mortgagors of any of the aforesaid taxes, or assessments, as above covenanted and agreed, or in keeping any other agreement herein contained, the Mortgagee may pay said taxes and special assessments, may make all necessary repairs, and may cause to be extended and certified the abstract or abstracts and tax histories of the mortgaged premises, or may procure new abstracts and tax histories in case none were furnished to the Mortgagee, and the moneys paid for, any one or all of said purpose shall from time of their payment be due and payable with interest thereon at the rate of six per cent per annum, payable monthly until paid, and shall constitute a further lien upon said premises under this mortgage. In case of foreclosure of this mortgage, the abstracts of title shall be absolute property of the Mortgagee.

Sixth. That in the event the mortgaged premises, or any part thereof, are taken under the power of eminent domain, the entire award shall be paid to the Mortgagee and applied first upon the principal last maturing hereunder, and the Mortgagee is hereby empowered in the name of the Mortgagors or the Mortgagors' assigns, to receive and give acquittance for any such award or judgment, whether it be joint or several.

evidence of indebtedness secured hereby. The Mortgagee, shall apply all sums collected under the power hereby granted, first, to the payment of interest upon any and all sums secured hereby, and the remainder shall be applied upon the unpaid balance of the indebtedness hereby secured, rendering the surplus, if any there should be, to said Mortgagors.

Ninth. Should default be made in the payment of any of the sums of money above mentioned, or in the performance of any of the covenant or agreements herein contained, then and in such case it shall be lawful for said Mortgagee, and said Mortgagors do hereby empower and authorize said Mortgagee, to grant, bargain, sell, release and convey the said lands and premises, with the appurtenances at public auction, and on such sale to make and execute to the purchaser or purchasers, his, her or their heirs and assigns, forever, sufficient deeds of conveyance in law, pursuant to the statute in such case made and provided, and out of the proceeds of such sale to retain all sums then due hereunder and secured hereby, including any attorney fee provided for by law, rendering the surplus, if any there should be to said Mortgagors.

Tenth. The Mortgagee may, at its option, extend the time for payment of said indebtedness, or reduce the payments thereon, or accept a renewal note or notes therefor, without the consent of any junior lien holder, and without the consent of the Mortgagors, if the Mortgagors have parted with the title to said property, and any such extension, reduction or renewal shall not release the Mortgagors, or any endorser or guarantor, from liability for such indebtedness, or affect the priority of this mortgage over any junior lien, or impair the security hereof in any manner whatsoever, and no failure on the part of the Mortgagee to exercise any of its rights hereunder for defaults or breaches of covenants shall be construed so prejudice its rights in the event of any other subsequent default or breach of covenant, and no delay on the part of the Mortgagee in exercising any of such rights shall be construed to preclude it from the exercise thereof at any time during the continuance of any such default, and the Mortgagee may enforce any one or more remedies hereunder successively or concurrently at its option.

Eleventh. All rights and obligations hereunder shall extend to and be binding upon the several heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the said mortgagors have hereunto set their hands and seals the day year first above written.

Signed, sealed and delivered in presence of:

Michael E. Evanoff (L.S.)
MICHAEL E. EVANOFF

Shirley Scott
Shirley Scott

(L.S.)

Jean Lynch
Jean Lynch

Jeanne Evanoff (L.S.)
JEANNE EVANOFF

(L.S.)

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10/22/58
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MARSHALL SAVINGS AND LOAN ASSOCIATIONMarshall, MichiganConventional Real Estate Mortgage Loans Made During 1952MATURITY ANALYSIS

<u>Number Of Years To Maturity</u>	<u>Number of Loans Made</u>	<u>Percentage To Total Number of Loans Made</u>	<u>Amount Of Loans Made</u>	<u>Percentage To Total Amount of Loans Made</u>	<u>Total Aggregate Number of Years to Maturity</u>	<u>Aggregate Average Number of Years to Maturity By Number of Loans</u>
7 to 8	1	1.89	800	.35	7.5	
10 to 11	6	11.32	31,700	13.67	63	
11 to 12	46	86.79	199,375	85.98	529	
Total	53	100 %	231,875	100 %	599.5	11.3

APPRAISAL ANALYSIS

<u>Percentage of Loans to Appraisal Plus</u>	<u>Number of Loans Made</u>	<u>Percentage To Total Number of Loans Made</u>	<u>Amount of Loans Made</u>	<u>Percentage To Total Amt of Loans Made</u>	<u>Total of Appraisal Percentage</u>	<u>Average Aggregate Appraisal Percentage By Number of Loans</u>
90% or less	28	52.83	112,275	48.42	1,263	45%
Over 60%	25	47.17	119,600	51.58	1,667	67%
Total	53	100 %	231,875	100 %	2,930	55%

Ref Ex 108
10/22/58

SAGINAW SAVINGS AND LOAN ASSOCIATIONSaginaw, MichiganConventional Real Estate Mortgage Loans made During 1952MATURITY ANALYSIS

Number of Years to Maturity	Number Of Loans Made	Percentage To Total Number of Loans Made	Amount of Loans Made	Percent. To Total Amount of Loans Made	Total Aggregate Number Of Years To Maturity	Aggregate Average Number of Years to Maturity By Number Of Loans
1 to 2	3	.61	1,850	.06	4.5	
2 to 3	1	.20	300	.02	2.5	
3 to 4	11	2.23	13,450	.46	38.5	
4 to 5	7	1.42	13,050	.43	31.5	
5 to 6	14	2.83	33,705	1.16	77	
6 to 7	13	2.63	37,250	1.28	84.5	
7 to 8	18	3.44	47,870	1.65	127.5	
8 to 9	29	5.87	113,000	3.89	246.5	
9 to 10	20	4.03	93,440	3.22	190	
10 to 11	174	33.23	921,355	31.73	1,827	
11 to 12	37	7.49	171,805	5.91	425.5	
12 to 13	8	1.62	69,400	2.39	100	
13 to 14	17	3.44	160,050	5.51	229.5	
14 to 15	115	23.28	951,030	32.74	1,667.5	
15 to 16	18	3.64	168,600	5.80	279	
16 to 17	6	1.21	61,975	2.13	99	
17 to 18	2	.41	18,200	.63	35	
18 to 19	1	.20	13,900	.48	18.5	
22 to 23	1	.20	14,250	.49	22.5	
Total	494	100 %	2,904,900	100 %	5,306	11.1

APPRAISAL ANALYSIS

Percentage of Loans to Appraisal Value	No. Of Loans Made	Percentage To Total Number of Loans Made	Amount of Loans Made	Percentage of Total Amt of Loans Made	Total of Appraisal Percentage	Average Aggregate Appraisal Percentage By Number of Loans
50% or less	196	39.68	900,475	31.00	9,325	48%
Over 50%	298	60.32	2,004,425	69.00	20,032	67
Total	494	100 %	2,904,900	100 %	29,357	39%

Exhibit 200CONVENTIONAL LOANS MADE BY ASSOCIATIONS IN 1952 WITH TERM
OF 10 YEARS OR LESS AND WHERE AMOUNT LOANED WAS 60% OR
LESS OF APPRAISED VALUE OF SECURITY

	(A)	(B)	(C)	(D)
	Total Conventional Loans Made by Associations	Amount of Loans in Column (A) with Term of 10 Years or Less or Where Amount Loaned was 60% or Less of Appraised Value of Security	Percentage of Column (B) Loans to Column (A) by Category	Percentage of Each Category in Column (A) to Total of Column (A)
Construction	\$ 9,442,491.47	\$ 497,877.93	5.27%	1.9107%
Purchases	8,339,047.18	326,375.28	3.91%	1.252%
Refinance	4,350,726.27	203,596.00	4.68%	.781%
Improvements	944,486.11	126,780.26	13.42%	.486%
Others	<u>2,989,782.78</u>	<u>519,114.56</u>	17.41%	<u>1.9922%</u>
TOTALS	<u>\$26,057,533.81</u>	<u>\$1,673,744.03</u>		<u>6.4232%</u>

Exhibit 200A

**SUMMARY OF CONVENTIONAL LOANS MADE BY ASSOCIATION IN 1952
WITH AMOUNT OF LOAN BASED ON APPRAISAL OF 60% OR LESS
AND TERMS OF 10 YEARS OR LESS**

<u>Purpose of Loan</u>	<u>Detroit & Northern (Flint) Office Only</u>	<u>Union (Lansing)</u>	<u>First Federal (Flint)</u>	<u>Marshall</u>	<u>Calhoun Federal (Battle Creek)</u>	<u>Homestead (Albion)</u>	<u>Mutual Home Federal (Grand Rapids)</u>	<u>Citizens Federal (Port Huron)</u>	<u>Capitol (Lansing Office Only)</u>
Construction	None	\$16,828.95*	\$278,950.00	None	\$ 8,000.00	\$ 21,100.00	None	\$ 44,475.00	\$ 5,500.00
Purchase	\$17,110.00	17,791.71*	20,000.00	\$800.00	17,450.00	26,150.00	\$ 2,500.00	41,950.00	18,220.31
Refinance	11,000.00	1,728.88*	15,615.03	None	None	14,200.00	42,500.00	20,600.00	None
Improvements	2,400.00	1,088.27*	4,550.00	None	None	11,300.00	2,500.00	45,865.00	24,950.00
Others	650.00	1,662.19*	15,550.00	None	164,450.00	30,475.00	5,000.00	101,910.00	35,429.69
TOTALS	<u>\$31,160.00</u>	<u>\$39,100.00</u>	<u>\$334,665.03</u>	<u>\$800.00</u>	<u>\$189,900.00</u>	<u>\$103,224.00</u>	<u>\$52,500.00</u>	<u>\$254,800.00</u>	<u>\$84,100.00</u>
	<u>Amount</u>	<u>Percent to Total</u>							
Construction	\$ 497,877.93	29.746%							
Purchase	326,375.28	19.500%							
Refinance	203,596.00	12.164%							
Improvements	126,780.26	7.575%							
Others	519,114.56	31.015%							
TOTAL	<u>\$1,673,744.03</u>	<u>100.000%</u>							

<u>West Side Federal (Grand Rapids)</u>	<u>Grand Rapids Mutual Federal</u>	<u>East Lansing</u>	<u>Saginaw</u>	<u>Peoples (Battle Creek)</u>	<u>First (Saginaw)</u>	<u>Lansing</u>	<u>Totals</u>
None	\$ 35,999.50	None	\$ 36,074.00*	None	\$ 50,950.48*	None	\$ 497,877.93
\$ 1,200.00	59,669.00	\$19,700.00	50,716.78*	None	33,117.48*	None	326,375.28
25,250.00	60,579.17	6,000.00	6,122.92*	None	None *	None	203,996.00
None	25,092.53	2,000.00	1,873.21*	None	5,161.25*	None	126,780.26
<u>15,400.00</u>	<u>112,909.80</u>	<u>2,500.00</u>	<u>8,958.09*</u>	<u>None</u>	<u>22,220.79*</u>	<u>\$2,000.00</u>	<u>519,114.56</u>
<u>\$41,850.00</u>	<u>\$294,250.00</u>	<u>\$20,200.00</u>	<u>\$102,745.00</u>	<u>None</u>	<u>\$111,450.00</u>	<u>\$2,000.00</u>	<u>\$1,673,744.03</u>

* Breakdown of loans in both category as to percentage of appraised value and term of loan, not available.
Allocation of total loans computed, based on ratio of association total conventional loans made - Exh. 200B.

Seventh. Upon default in any payment provided for by any evidence of indebtedness secured hereby, or in the event of a default by the Mortgagors in the performance of any one or more of the covenants and agreements herein contained, or upon the institution of any legal proceedings to enforce a mortgage or other lien upon the mortgaged property, or if a petition in bankruptcy shall be filed by or against the Mortgagors, or, if the Mortgagors shall, in any way be adjudged insolvent or shall make an assignment for the benefit of creditors, or, if there shall exist any lien or incumbrance on the mortgaged real estate superior to the lien of this mortgage or if said mortgaged property shall be levied upon by virtue of any execution, attachment or other writ, or shall come into the possession of or be ordered sold by the officers of any court, or if the Mortgagors shall abandon the mortgaged property, then the entire indebtedness secured hereby shall, at the option of the Mortgagee, become and be immediately due and payable, without notice or demand, and this mortgage may be foreclosed.

Eighth. The said Mortgagors hereby give and grant to the Mortgagee the right of possession of said premises, and the right, power and privilege to rent and lease the same, and to demand, collect all rents, profits and arrearages of rent or installments of principal or interest under a contract of sale of said property, if any, which may be due or owing to the Mortgagors, provided, that said right, power and privilege hereby granted may be enforced and exercised by the Mortgagee, at its option, in case of failure of the Mortgagors to perform any of the agreements or conditions of this mortgage, or any

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STATE OF MICHIGAN,
COUNTY OF GENESEE

On this nineteenth day of September in the year
of our Lord one thousand nine hundred Fifty Two before me, the subscriber, a notary
public in and for said county, personally appeared the above named

Michael S. Ivanoff and Genevieve Ivanoff, his wife

to me known to be the same person as described in and who executed the foregoing instrument, and
who acknowledged that they executed the same as, their free act and deed.

Larlene J. Smith
Notary Public, Genesee County, Michigan
Larlene J. Smith

RECORDED

Carl M. Smith
REGISTER OF DEEDS

commission expires November 22, 1953

SEP 23 10 22 AM '52

GENESEE COUNTY
FLINT, MICHIGAN

FIRST FEDERAL SAVINGS & LOAN ASS.
126 WEST HENRIEY STREET
FLINT, MICHIGAN

52-

Exhibit 2002

ALLOCATION OF CONVENTIONAL LOANS ON SECURITY WITH APPRAISED
VALUE OF 60% OR LESS OF LOAN AND TERM OF 10 YEARS OR LESS
TO UNEW, SAGINAW, AND FIRST SAVINGS & LOAN ASSOCIATION
LOAN CLASSIFICATIONS

	Total Conventional Loans by Association	Ratio of Loans by Class to Total Con- ventional Loans	Total Conventional Loans on Basis of Computed Ratio
<u>UNEW SAVINGS & LOAN (Lansing)</u>	(A)	(B)	(C)
Construction	\$ 688,408.00	43.0400%	\$ 16,838.95
Purchase	719,325.00	45.3031%	17,791.71
Refinance	69,900.00	4.4217%	1,728.88
Improvements	44,000.00	2.7833%	1,088.27
Others	<u>67,280.00</u>	<u>4.2399%</u>	<u>1,662.19</u>
Totals	\$1,588,825.00	100.0000%	\$ 39,100.00
<u>SAGINAW SAVINGS & LOAN</u>			
Construction	\$ 942,630.00	34.7718%	\$ 36,874.80
Purchase	1,325,280.00	48.8860%	50,716.78
Refinance	160,000.00	5.9019%	6,122.92
Improvements	48,931.46	1.8036%	1,873.21
Others	<u>239,078.63</u>	<u>8.6367%</u>	<u>8,938.09</u>
Totals	\$2,715,960.09	100.0000%	\$103,745.00
<u>FIRST SAVINGS & LOAN (Saginaw)</u>			
Construction	\$1,775,069.05	45.7160%	\$ 50,930.48
Purchase	1,153,704.73	29.7151%	33,117.48
Refinance	None	None	None
Improvements	179,815.48	4.6110%	5,161.25
Others	<u>779,148.46</u>	<u>19.9579%</u>	<u>22,228.79</u>
Totals	\$3,982,817.72	100.0000%	\$111,430.00

Exhibit 2002

12031

Exhibit 200C

SUMMARY AND BREAKDOWN OF CONVENTIONAL LOANS MADE BY SAVINGS & LOAN ASSOCIATIONS IN 1952, AND TOTALS OF FHA, GI, AND OTHERS MADE IN 1952

Purpose of Loan	Detroit & Northern (Flint Office Only)	Union (Lansing)	First Federal (Flint)	Marshall	Calhoun Federal (Battle Creek)	Homestead (Albion)	Mutual Home Federal (Grand Rapids)	Citizens Federal (Port Huron)	\$
Construction	\$ 780,547.56	\$ 680,400.00	\$ 775,047.14	\$ 50,604.03	\$ 261,800.00	\$ 43,556.83	\$ 778,885.51	\$ 903,788.08	\$
Purchase	360,237.16	719,325.00	96,950.00	98,400.00	268,650.00	115,227.90	793,937.48	382,814.37	
Refinance	252,400.20	69,900.00	73,215.03	7,300.00	1,807,150.00	62,500.00	621,407.37	146,527.44	
Improvements	51,627.33	44,000.00	54,084.45	27,625.79	None	23,880.34	33,983.32	192,412.59	
Others <i>Purpose Loans</i>	<u>119,094.04</u>	<u>67,200.00</u>	<u>39,973.89</u>	<u>53,265.09</u>	<u>None</u>	<u>46,991.78</u>	<u>214,775.78</u>	<u>385,623.93</u>	-
Total Conventional	\$1,563,906.27	\$1,580,825.00	\$1,039,270.51	\$237,194.91	\$2,337,600.00	\$292,156.85	\$2,442,989.46	\$2,011,166.41	\$
FHA	None	None	810,650.00	None	None	None	1,166,439.10	40,950.00	
GI	823,930.43	41,850.00	160,000.00	None	672,025.00	None	None	649,420.70	
Others <i>FHA Title I & II</i>	<u>None</u>	<u>None</u>	<u>19,000.00</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>105,398.24</u>	-
TOTALS	\$2,387,836.72	\$1,622,675.00	\$2,028,920.51	\$237,194.91	\$3,009,625.00	\$292,156.85	\$3,609,419.56	\$2,806,935.35	\$
	=====	=====	=====	=====	=====	=====	=====	=====	
	<u>Amount</u>	<u>Percent to Total</u>							
Conventional	\$26,091,533.81	79.96%							
FHA	3,246,419.37	9.96%							
GI	2,990,625.68	9.17%							
Others	<u>291,117.72</u>	<u>0.90%</u>							
TOTAL	\$32,587,696.63	100.00%							
	=====	=====							

Capital (Lansing Office Only)	West Side Federal (Grand Rapids)	Grand Rapids Mutual Federal	East Lansing	Saginaw	Peoples (Battle Creek)	First (Saginaw)	Lansing	Totals
\$ 377,229.61	\$ 68,700.00	\$ 872,763.13	\$ 586,706.67	\$ 942,650.00	\$ 536,243.86	\$ 1,775,069.05	\$ 8,500.00	\$ 9,442,491.47
342,899.61	103,500.00	1,564,612.47	664,005.98	1,325,280.00	134,322.48	1,153,784.73	215,100.00	8,339,047.18
125,093.60	281,475.00	384,787.06	110,543.95	160,000.00	218,576.62	None	29,850.00	4,390,726.27
73,011.43	None	111,376.26	38,843.77	48,951.46	47,143.89	179,815.48	17,730.00	944,486.11
<u>273,951.85</u>	<u>215,333.54</u>	<u>125,867.52</u>	<u>79,361.21</u>	<u>234,078.61</u>	<u>336,117.06</u>	<u>774,148.46</u>	<u>15,000.00</u>	<u>2,930,782.78</u>
\$1,192,186.10	\$669,008.54	\$3,059,406.44	\$1,479,461.58	\$2,710,960.09	\$1,272,403.91	\$3,882,817.72	\$286,180.00	\$26,057,533.81
22,600.00	None	983,100.00	None	None	123,100.00	94,589.27	None	3,246,419.37
50,770.00	None	21,000.00	None	26,800.00	493,235.23	51,994.32	None	2,990,625.68
<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>168,719.53</u>	<u>None</u>	<u>None</u>	<u>293,117.77</u>
\$1,270,556.10	\$669,008.54	\$4,063,506.44	\$1,479,461.58	\$2,737,760.09	\$2,057,458.67	\$4,029,001.31	\$286,180.00	\$32,587,696.63

BREAKDOWN OF CONVENTIONAL AS TO PURPOSE OF LOAN

	Amount	Percent to Total
Construction	\$9,442,491.47	36.23%
Purchase	8,339,047.18	32.00%
Refinance	4,390,726.27	16.69%
Improvements	944,486.11	3.62%
Others	<u>2,930,782.78</u>	<u>11.44%</u>
TOTAL	\$26,057,533.81	100.000%

EXHIBIT 202

MICHIGAN NATIONAL BANK

(000.00 omitted)

STATEMENT OF CONDITION

December 31st

<i>Resources</i>	1952
Cash	46,162
U. S. Secur.	109,140
Other Secur.	300
Cash & Secur.	<u>155,602</u>
Loans Gen.	28,699
Loans FHA Mtg.	26,945
Loans Oth. Mtg.	34,852
Loans Instal.	57,809
Total Loans	<u>148,305</u>
Bank Bldgs.	2,993
Furn. & Equip.	939
Accr. Inc. Rec.	664
Other Assets	<u>645</u>
Other Assets	<u>5,241</u>
Total Resour.	<u>309,148</u>

1263a

*Exhibit 202**Liabilities*

Federal Funds	9,083
State Funds	668
County Funds	1,787
City Funds	6,337
Oth. Pub. Funds	4,218
Public Funds	<u>22,093</u>
Cash, Checks	2,819
Trust Funds	2,997
Due to Banks	2,462
Com'l Deps.	<u>134,357</u>
Com'l Deps.	<u>164,728</u>
Club Deposits	314
Time Certif.	36,894
Savgs. Deps.	<u>80,681</u>
Savgs. Deps.	117,889
Total Deps.	<u>282,617</u>
Acct. Bd. Amor.	1,337
Ac. Div. Pfd. St. ....	.....
Ac. Fed. Taxes	2,070
Ac. Int. & Exp.	1,185
Unearn. Income	6,713
Other Liab.	<u>295</u>
Other Liab.	<u>11,600</u>
Pfd. Stock	1,000
Com. Stock	5,000
Surplus	5,000
Prof. & Res.	<u>3,931</u>
Capital Funds	<u>14,931</u>
Total Liab.	<u>309,148</u>

December 31, 1952

Description	Number of Shareholders	% of Total	Par Value
1 to 100 shares	1,685	74	486,605
100 to 1,000 shares	524	23	1,421,072
Over 1,000 shares	62	3	3,092,323
Total	2,271	100	5,000,000

DISTRIBUTION BY SHAREHOLDER

Description	Number of Shareholders	Number of Shareholders
Individual - Men	701	286,537
- Women	677	23,974
Joint Accounts	769	117,200
Fiduciaries	50	18,277
Institutions and Foundations	24	1,420
Brokers	7	1,434
Others	49	14,834
	2,277	500,000

DIVIDEND PAID IN COMMON STOCK

Dates	% of Dividend	Number of Shares Issued	Total Number of Shares Outstanding After Dividend
1-1-41	-	-	150,000
1-18-44	33 1/3	50,000	200,000
1-17-46	25	50,000	250,000
1-27-47	20	50,000	300,000
1-17-49	33 1/3	100,000	400,000
1-18-52	25	100,000	500,000

CASH DIVIDENDS PAID

Year	Basis	Outstanding Shares	Amount Cash Paid	Market Quote Range
12-15-41	(one only)	150,000	15,000	16-17
1942	semi-annual	150,000	150,000	20-21
1943	" "	150,000	150,000	24-25
1944	" "	200,000	200,000	31-32
1945	" "	200,000	200,000	33-34
1946	" "	250,000	250,000	38-40
1947	" "	300,000	300,000	41-42
1948	" "	300,000	300,000	53-54
1949	" "	400,000	400,000	54-55
1950	" "	400,000	400,000	54-55
1951	" "	400,000	400,000	54-55
1952	quarterly	500,000	500,000	54-55

ANALYSIS OF PREFERRED STOCK

Date	Description
12-31-40	Issue to Reconstruction Finance Co.
1-21-41	Retired \$34,000.
1-9-42	Retired \$100,000.
1-7-46	Retired \$500,000.
1-7-52	Retired \$1,000,000. Certificate issued to R. F. C.
1-7-52	Issued \$1,000,000. Individuals and Companies
1-31-58	Retired \$1,000,000.

MICHIGAN NATIONAL BANK

Lansing, Michigan

ANALYSIS OF CAPITAL, SURPLUS, UNDIVIDED
PROFITS AND RESERVES FOR THE CALENDAR YEAR 1952

<u>Description</u>	<u>12-31-51</u>	<u>Debit</u>	<u>Credit</u>	<u>12-31-52</u>
Preferred Stock	1,000,000.00			1,000,000.00
Common Stock	4,000,000.00			5,000,000.00
25% Stock Dividend From Undivided Profits			1,000,000.00	
Surplus	4,000,000.00			5,000,000.00
Transferred From Undivided Profits			1,000,000.00	
Undivided Profits	2,437,057.82			1,396,522.59
Net Profit Before Dividend			2,064,329.16	
Dividends Paid in Cash		520,164.39		
Net Transfer to Reserve for Loan Losses		313,000.00		
25% Common Stock Dividend		1,000,000.00		
Transfer to Surplus		1,000,000.00		
Transfer to Reserve For Retirement of Preferred Stock		91,700.00		
Reserve For Retirement of Preferred Stock	550,200.00			641,900.00
Transferred from Undivided Profits			91,700.00	
Reserve for Losses on Loans	1,580,000.00			1,895,000.00
Net Transfer from Undivided Profits			513,000.00	
Total Capital Funds and Reserves	<u>13,287,257.82</u>	<u>3,124,864.39</u>	<u>4,669,029.16</u>	<u>14,931,422.59</u>

EXHIBIT 205

MICHIGAN NATIONAL BANK
OPERATING STATEMENT

December 31st

(000.00 omitted)

<i>Income</i>	1952
Int. Secur.	2,191
Int. Gen. Loans	1,207
Int. Mtge. Loans	2,597
Int. Instal. Loans	5,032
Total Interest	11,027
Trust Dept.	268
Service Charges	244
Exchange Charges	101
Safe, Dep. Vaults	97
Mtge Service Fees	
Misc.	159
Other Income	869
Total Oper. Income	11,896

Expenses

Advertising	370
Bankg. Qtrs. Net	564
Deprec. Equipmt.	84
Donations	100
Insur. Deposits	90
Insur. Life, Hosp., Surg.	36
Insur. Other	31
Int. Deposits	1,486
Int. Bills Payable	339
Legal	74

Maint. & Rental Equip.....	102
Memb'ships & Fees	24
Pensions	39
Postage	91
Profit Shar. Trust	150
Salaries	3,240
Mtge. Service Fees	
Staty., Print., Supplies	223
Subser. & Services	63
Taxes Intang.	119
Taxes S. S. & Unempl.....	72
Tel. and Tel.	99
Travel & Expense	95
Misc.	145
Total Operating Expenses ..	7,633
Operating Profit	4,263
Profit on Securities	2
Recov. on Loans C/O.....	15
Other Profits	44
Non-Operat. Profit	61
Loss on Securities	2
Loans Charged Off	115
Other Loans	61
Non-Operat. Losses	178
Gross Profit	4,146
Taxes Federal Income	2,082
Net Profit	2,064
Dividends Pfd. Stock	20
Dividends Com. Stock	500
Earn. Retained in Bus.	1,544

UNITED STATES DEPARTMENT OF THE TREASURY

OFFICE OF THE COMPTROLLER OF THE CURRENCY

January 31, 1933

REPORT ON THE STATE OF THE CURRENCY

Number of Real Estate Mortgage Loans

Number of F.H.A. Real Estate Mortgage Loans

2,728

Number of U. S. Real Estate Mortgage Loans

2,708

Number of Regular National Real Estate Mortgage Loans

3,957

Number of Regular Other Than National Real Estate Mortgage Loans

655

Total Number of Real Estate Mortgage Loans

11,582

Number of Depositors

Time Depositors of Deposits

Individual or Individuals

4,897

17,956,301

All Other Types of Depositors

1,360

18,937,466

Total

6,257

36,893,767

Business Bank Accounts

Individual or Individuals

123,315

28,042,880

All Other Types of Depositors

1,618

2,638,760

Total

124,933

30,681,640

General Deposits

Individual or Individuals

33,896

56,132,350

All Other Types of Depositors

13,559

107,653,064

Total

47,455

157,212,400

ASSETS OF BANKS IN CITIES
SERVED BY MICHIGAN NATIONAL OFFICES

Balance for December 31, 1932

Little Creek		
Security National Bank	<u>75,172,668.15</u>	<u>75,172,668.15</u>
Flint		
Citizens Commercial & Savings Bank	101,561,690.68	
Genesee County Savings Bank	53,364,882.88	
Merchants & Mechanics Bank	<u>20,283,090.88</u>	<u>175,069,663.96</u>
Grand Rapids		
Central Bank	11,446,522.43	
Citizens Industrial Bank	2,141,298.73	
Michigan Trust Company	5,988,313.98	
Old Kent Bank	170,886,128.32	
Peoples National Bank	38,987,193.00	
Union Bank	<u>38,821,521.88</u>	<u>268,370,977.98</u>
Lansing		
American State Bank	41,357,785.84	
Bank of Lansing	31,388,065.30	
Central Trust Company	<u>2,814,925.88</u>	<u>75,560,806.82</u>
Marshall		
None		
Port Huron		
Peoples Savings Bank	<u>18,460,513.71</u>	<u>18,460,513.71</u>
Saginaw		
Second National Bank & Trust Co.	<u>95,166,637.98</u>	<u>95,166,637.98</u>
Grand Total		<u>663,890,766.88</u>

SOURCE

State Banking Department, Lansing, Michigan
"Sixty-fourth Annual Report of the Commissioner for the year ending
December 31, 1932."

Exhibit 208
TAXES PAID TO STATE OF MICHIGAN

1270a

For the Year 1952 By the
Following Named Institutions

	Total	Franchise or Privilege Tax (C)	Intangibles Tax (E)	Examination Fee (C)	State Unem- ployment Tax (G)	Real Property Tax (G)	Personal Property Tax (G)	Tax on Increase in Authorized Capital (D)	Use Tax (I)(G)
Chartered:									
Eastward Savings and Loan Association, Albion, Michigan	\$ 768.38	180.92	305.83	86.98	-	194.65	-	-	-
Peoples (formerly Industrial) Savings and Loan Association, Battle Creek, Michigan	8,311.50	1,442.61	2,388.01	680.53	190.80	3,326.85	282.70	-	-
East Lansing Savings and Loan Association, East Lansing, Michigan	4,188.68	812.43	1,446.81	406.99	-	797.92	126.53	600.00	-
Detroit and Northern Savings and Loan Association, Hancock, Michigan	18,537.22	5,069.02	8,553.11	2,214.34	812.54	1,456.83	431.38	-	-
Capitol Savings and Loan Association, Lansing, Michigan	27,185.45	4,931.10	7,074.18	2,129.93	1,284.16	10,518.49	1,247.59	-	16.89
Union Savings and Loan Association, Lansing, Michigan	5,157.29	1,136.68	1,648.85	575.92	181.48	1,541.67	72.69	-	-
Lansing Savings and Loan Association, Lansing, Michigan	2,729.22	374.95	582.71	156.63	95.80	1,500.23	18.90	-	-
Marshall Savings and Loan Association, Marshall, Michigan	681.84	145.93	245.17	65.99	-	224.75	-	-	-
First Savings and Loan Association, Saginaw, Michigan	22,761.96	3,592.68	5,794.18	1,674.54	478.43	10,885.13	337.00	-	389.09
Saginaw Savings and Loan Association, Saginaw, Michigan	7,892.92	1,412.27	2,734.16	650.48	253.43	2,758.48	84.10	-	173.11
Total state chartered	98,214.46	19,098.59	30,773.01	8,641.33	3,296.64	33,205.00	2,599.89	600.00	579.09
Federal Chartered:									
Albion Federal Savings and Loan Association, Battle Creek, Michigan	12,510.92	-	4,196.19	-	2,004.26	5,761.96	548.51	-	-
First Federal Savings and Loan Association of Flint, Flint, Michigan	3,882.23	-	2,606.48	-	237.70	1,038.05	-	-	-
Grand Rapids Mutual Federal Savings & Loan Association, Grand Rapids, Michigan	11,845.75	-	6,198.51	-	536.41	5,110.83	-	-	-
Grand Home Federal Savings & Loan Association, Grand Rapids, Michigan	7,817.48	-	5,063.23	-	445.52	2,308.73	-	-	-
Grand Side Federal Savings and Loan Association, Grand Rapids, Michigan	1,869.84	-	1,712.13	-	-	157.71	-	-	-
Huron Federal Savings & Loan Association, Port Huron, Michigan	4,890.88	-	2,710.48	-	612.29	1,567.83	-	-	-
Total federal chartered	42,816.82	-	22,487.02	-	3,836.18	15,945.11	548.51	-	-
Totals all state and federals	141,031.28	19,098.59	53,260.03	8,641.33	7,132.82	49,150.11	3,148.40	600.00	579.09
Michigan National Bank (F) and (H)	\$ 282,968.89	-	168,499.11	-	26,203.64	88,265.14	-	-	-

includes five branches; two in Detroit, one in Grosse Pointe Woods, and two in
Flint, Michigan.
includes three branches; one in Detroit, one in Pontiac, and one in Lathrup
Village, Michigan.
amounts obtained from original tax returns filed with Building and Loan Division
of Michigan Department of State.
amount obtained from certificate of amendment of Articles of Association filed
with Building and Loan Department of Michigan Department of State.
amounts obtained from photostat copies of tax returns filed with Department of
Revenue (in evidence as Exhibits 2a through 2p).

- (F) Michigan National Bank intangible tax includes \$68,180.87 tax on capital stock.
(G) Amounts taken from worksheets prepared by auditors of Department of Revenue (in
evidence as Exhibit 208A).
(H) Information for Michigan National Bank obtained from Exhibit 208-B.
(I) Not included in the total taxes paid (complete use tax information not available).

Exhibit 208A

CONSOLIDATED OF MICHIGAN STATE TAXES PAID IN 1958 BY SAVINGS
& LOAN ASSOCIATIONS (Other than Franchise Tax, Intangible Tax,
Examination Fees, and Tax on Increase in Authorized Capital)

		Unemployment Tax	Real Property Tax	Personal Property Tax	Use Tax	Total
State Chartered						
Hammstead Savings & Loan Ass'n	Albion	\$ —	\$ 194.65	\$ —	\$ —	\$ 194.65
Peoples Savings & Loan Ass'n	Battle Creek	190.80	3,326.85	282.70	—	3,800.35
East Lansing Savings & Loan Ass'n	East Lansing	—	797.92	125.53	—	923.45
Detroit & Northern Savings & Loan Ass'n	Hammett	812.54	1,456.33	431.38	—	2,700.25
Capital Savings & Loan Ass'n	Lansing	1,204.16	10,518.49	1,347.99	16.09	13,067.13
Union Savings & Loan Ass'n	Lansing	181.48	1,541.67	72.69	—	1,795.84
Marshall Savings & Loan Ass'n	Marshall	—	224.75	—	—	224.75
First Savings & Loan Ass'n	Saginaw	498.43	10,885.13	337.00	309.09	12,009.65
Saginaw Savings & Loan Ass'n	Saginaw	253.43	2,798.48	84.10	173.11	3,269.12
Lansing Savings & Loan Ass'n	Lansing	95.80	1,500.23	18.90	—	1,614.93
Federal Chartered						
Calhoun Federal Savings & Loan Ass'n	Battle Creek	2,004.26	5,761.96	548.51	—	8,314.73
First Federal Savings & Loan Ass'n	Flint	237.70	1,038.05	—	—	1,275.75
Grand Rapids Mutual Fed. Sav'gs & Loan Ass'n	Grand Rapids	536.41	5,110.83	—	—	5,647.24
Mutual Home Federal Savings & Loan Ass'n	Grand Rapids	445.52	2,388.73	—	—	2,754.25
West Side Federal Savings & Loan Ass'n	Grand Rapids	—	157.71	—	—	157.71
Citizens Federal Savings & Loan Ass'n	Port Huron	612.29	1,567.83	—	—	2,180.12
TOTALS		\$7,132.82	\$49,150.11	\$3,148.40	\$579.09	\$60,010.42

Exhibit 208A

1271a

MICHIGAN NATIONAL BANKLansing, MichiganACCRUED TAX EXPENSE FOR CALENDAR YEAR 1952

<u>Description</u>	<u>Amount</u> <u>Accrued</u>
Michigan Intangible Tax	118,818.24 A
Unemployment Tax - Michigan	26,203.64
- Federal	<u>7,862.45</u>
	34,066.09
Social Security Tax	43,739.89
Real Estate Tax	88,266.14
Revenue Stamp Tax	<u>23.10</u>
Total	<u>284,913.46</u>

Note: Accrued Michigan Intangible Taxes, Real Estate Taxes and Revenue Stamp Taxes are the same as the actual expenditure. Accrued Unemployment Taxes and Social Security Taxes are greater than the actual expenditure due to the fact the tax returns are not completed until after the close of the year.

A. Paid on deposits	<u>\$100,318.24</u>
Paid on Shares	18,500.00
Additional paid on shares for the calendar year 1952 (paid in 1953, including interest).	49,680.87
Total paid on shares	<u>\$ 68,180.87</u>

DATA SUMMARIZED AS OF DECEMBER 31, 1962 (1)On the Following Named Institutions

	<u>Total assets</u>	<u>First mortgage loans and contracts</u>		<u>Cash and securities (2)</u>		<u>Savings shares</u>	
		<u>Amount</u>	<u>% to assets</u>	<u>Amount</u>	<u>% to assets</u>	<u>Amount</u>	<u>% to assets</u>
Homestead Savings and Loan Association, Albion, Michigan	944,294.30	703,667.07	74.5	220,113.07	23.3	764,563.68	81.0
Peoples (formerly Industrial) Savings and Loan Association, Battle Creek, Michigan	7,460,158.47	5,551,844.68	74.4	1,486,817.78	19.9	5,970,038.34	80.0
East Lansing Savings and Loan Association, East Lansing, Michigan	4,548,208.52	3,939,557.39	86.6	399,036.07	8.8	3,647,226.59	80.2
Detroit and Northern Savings and Loan Association, Hancock, Michigan (4)	24,676,981.29	20,943,701.00	85.0	3,039,347.23	12.3	21,397,311.41	86.7
Capitol Savings and Loan Association, Lansing, Michigan (4)	22,576,629.35	18,668,954.94	82.7	2,868,016.04	12.7	18,658,656.94	82.6
Union Savings and Loan Association, Lansing, Michigan	5,978,242.20	5,065,506.02	84.7	693,144.91	11.6	4,364,936.75	73.0
Lansing Savings and Loan Association, Lansing, Michigan	1,612,433.52	1,239,008.84	76.8	275,963.65	17.1	1,456,783.49	90.3
Marshall Savings and Loan Association, Marshall, Michigan	712,075.37	639,801.82	89.9	50,680.88	7.1	612,913.72	86.0
First Savings and Loan Association, Saginaw, Michigan	17,804,231.99	13,916,919.40	78.2	3,177,047.03	17.8	14,491,055.37	81.4
Saginaw Savings and Loan Association, Saginaw, Michigan	7,612,653.76	6,223,152.36	81.7	1,012,938.08	13.3	6,835,396.48	89.8
Total state	93,925,908.77	76,892,113.51	82.0	13,223,104.74	14.1	78,198,863.37	83.2
Calhoun Federal Savings and Loan Association, Battle Creek, Michigan	12,349,650.62	9,218,353.90	74.6	2,664,661.93	21.6	10,512,930.98	85.1
First Federal Savings and Loan Association, Flint, Michigan	8,011,097.48	6,401,442.60	79.9	1,350,827.41	16.9	6,516,203.76	81.3
Grand Rapids Mutual Federal Savings and Loan Association, Grand Rapids, Michigan	17,294,993.57	13,235,630.72	76.5	3,564,688.67	20.6	15,496,286.43	89.6
Mutual Home Federal Savings and Loan Association, Grand Rapids, Michigan	14,128,779.59	11,546,773.61	81.7	2,117,184.16	15.0	12,658,070.55	89.6
West Side Federal Savings and Loan Association, Grand Rapids, Michigan	4,759,365.10	3,501,441.55	73.6	1,135,791.48	23.9	4,280,331.46	89.9
Citizens Federal Savings and Loan Association, Port Huron, Michigan	7,802,536.53	6,370,567.53	81.6	1,059,946.44	13.3	6,776,205.81	86.8
Total federal	64,346,422.89	50,274,209.91	78.1	11,873,120.09	18.5	56,240,028.99	87.4
Grand totals	\$ 158,272,331.66	127,166,323.42	80.4	25,096,224.83	15.8	134,438,912.36	84.9

DATA SUMMARIZED AS OF DECEMBER 31, 1952 (1)On the Following Named Institutions, Cont.

	<u>Local reserves and other contingency reserves</u>		
	<u>Amount</u>	<u>\$ to assets</u>	<u>\$ to savings shares</u>
Wood Savings and Loan Association, Union, Michigan	32,879.88	3.5	4.3
Wood (formerly Industrial) Savings and Loan Association, Battle Creek, Michigan	202,145.45	2.7	3.4
Lansing Savings and Loan Association, East Lansing, Michigan	121,380.47	2.7	3.3
Flint and Northern Savings and Loan Association, Hancock, Michigan	1,727,406.91	7.0	8.1
Flint Savings and Loan Association, Lansing, Michigan	2,500,000.00	11.0	13.4
Flint Savings and Loan Association, Lansing, Michigan	596,600.00	9.9	13.7
Flint Savings and Loan Association, Lansing, Michigan	88,875.93	5.5	6.1
Flint Savings and Loan Association, Marshall, Michigan	21,515.08	3.0	3.5
Flint Savings and Loan Association, Saginaw, Michigan	1,321,851.79	7.4	9.1
Flint Savings and Loan Association, Saginaw, Michigan	<u>276,103.57</u>	<u>3.6</u>	<u>4.0</u>
Total state	<u>46,888,558.88</u>	<u>7.4</u>	<u>8.8</u>
Federal Savings and Loan Association, Battle Creek, Michigan	935,150.98	7.6	8.9
Federal Savings and Loan Association, Flint, Michigan	351,279.10	4.4	5.4
Grand Rapids Mutual Federal Savings and Loan Association, Grand Rapids, Michigan	801,863.24	4.6	5.2
Grand Home Federal Savings and Loan Association, Grand Rapids, Michigan	562,192.59	4.0	4.4
Grand Side Federal Savings and Loan Association, Grand Rapids, Michigan	279,244.29	5.9	6.5
Grand Federal Savings and Loan Association, Port Huron, Michigan	<u>307,815.66</u>	<u>4.0</u>	<u>4.5</u>
Total federal	<u>3,237,545.86</u>	<u>5.0</u>	<u>5.8</u>
Grand totals	<u>\$ 10,126,104.74</u>	<u>6.4</u>	<u>7.5</u>

The above data on state savings and loan associations was prepared from information contained in Exhibits 36-A through 36-J and 72-C (monthly reports filed by associations, with Secretary of State Office showing condition at December 31, 1952). The figures on federal associations are taken from Exhibits 45-A, 57-F, 61-F, 73-E, 77-E and 81-E (annual reports to Federal Home Loan Bank of Indianapolis as of December 31, 1952).

Excludes capital stock in Federal Home Loan Bank.

Includes amounts of all locations.

DATA ON THE FOLLOWING NAMED SAVINGS AND LOAN ASSOCIATIONS
SUMMARIZED AS FOR 1952 (1)

	Gross income	Interest on mortgages and contracts		Total interest income		Net income before dividends and reserve additions	Dividends
		Amount	% to gross income	Amount	% to gross income		
Westland Savings and Loan Association, Albion, Michigan	\$ 40,682.25	34,455.71	84.6	38,912.42	95.6	25,236.93	13,296.52
Peoples (formerly Industrial) Savings and Loan Association, Battle Creek, Michigan	295,239.71	238,614.43	80.8	262,185.76	88.8	173,544.08	104,966.51
East Lansing Savings and Loan Association, East Lansing, Michigan	184,851.33	163,716.18	88.6	172,497.69	93.3	126,827.50	92,698.14
Troitt and Northern Savings and Loan Association, Hancock, Michigan (4)	1,060,005.02	917,469.65	86.6	971,035.70	91.6	621,726.18	454,973.37
Capital Savings and Loan Association, Lansing, Michigan (4)	1,107,776.01	913,870.82	82.5	963,845.03	87.0	777,612.13	682,801.63
Michigan Savings and Loan Association, Lansing, Michigan	266,081.03	241,626.28	90.8	258,986.90	97.3	199,189.97	134,538.79
Lansing Savings and Loan Association, Lansing, Michigan	73,497.79	67,132.98	91.3	70,305.37	95.6	51,064.80	41,842.32
Marshall Savings and Loan Association, Marshall, Michigan	35,475.24	34,583.30	97.5	35,036.04	98.7	19,556.97	16,906.80
First Savings and Loan Association, Saginaw, Michigan	781,560.33	611,091.63	78.2	685,250.66	87.7	496,153.42	318,814.75
Saginaw Savings and Loan Association, Saginaw, Michigan	287,661.63	262,830.36	91.4	260,842.26	97.6	199,730.44	135,987.74
Total state chartered	<u>4,132,830.34</u>	<u>3,485,391.34</u>	<u>84.3</u>	<u>3,738,897.83</u>	<u>90.4</u>	<u>2,690,642.42</u>	<u>1,996,626.57</u>
Albion Federal Savings and Loan Association, Battle Creek, Michigan	515,619.40	436,422.20	84.6	479,753.53	93.0	353,211.72	183,819.57
First Federal Savings and Loan Association, Flint, Michigan	317,966.50	271,359.69	85.3	296,242.37	93.2	224,496.57	142,845.59
Grand Rapids Mutual Federal Savings and Loan Association, Grand Rapids, Michigan	676,783.54	584,970.40	86.4	637,782.93	94.2	509,274.08	348,339.94
Mutual Home Federal Savings and Loan Association, Grand Rapids, Michigan	542,337.10	491,792.88	90.7	529,797.58	97.7	418,201.46	280,001.09
West Side Federal Savings and Loan Association, Grand Rapids, Michigan	188,151.86	166,153.71	88.3	186,292.28	99.0	157,341.43	98,097.14
Citizens Federal Savings and Loan Association, Port Huron, Michigan	356,212.67	314,118.00	88.2	333,385.62	93.6	213,007.23	141,240.92
Total federal chartered	<u>2,597,071.07</u>	<u>2,264,816.88</u>	<u>87.2</u>	<u>2,463,254.36</u>	<u>94.8</u>	<u>1,875,532.49</u>	<u>1,194,344.25</u>
Grand totals	\$ <u>6,729,901.41</u>	<u>5,750,208.22</u>	<u>85.4</u>	<u>6,202,152.19</u>	<u>92.1</u>	<u>4,566,174.91</u>	<u>3,190,970.82</u>

Net income before reserve
additions and income taxes (2)

Amount \$ to assets

11,940.41 1.28

68,577.57 .92

34,129.36 .75

168,752.81 .68

94,810.50 (3) .42

64,651.18 1.08

9,222.48 .57

2,650.17 .37

177,538.67 .99

63,742.70 .84

694,015.85 .74

169,392.15 1.37

81,650.98 1.02

160,934.14 .93

138,200.37 .98

59,244.29 1.24

71,766.31 .92

681,188.24 1.06

1,375,204.09 .87

DATA ON THE FOLLOWING NAMED SAVINGS AND LOAN ASSOCIATIONS
SUMMARIZED AS FOR 1952 (1), CONT.

	Total tax burden			State Franchise & Intangible taxes		
	Amount	% to net income after adding back dividends	% to net income	Amount	% to net income after adding back dividends	% to net income
Westend Savings and Loan Association, Albion, Michigan	\$ 768.38	3.0	6.4	486.75	1.9	4.1
Poples (formerly Industrial) Savings and Loan Association, Battle Creek, Michigan	8,311.50	4.8	12.1	3,830.62	2.2	5.6
West Lansing Savings and Loan Association, East Lansing, Michigan	4,188.68	3.3	12.3	2,259.24	1.8	6.6
Troitt and Northern Savings and Loan Association, Hancock, Michigan	18,537.22	3.0	11.2	13,622.13	2.2	8.2
Capitol Savings and Loan Association, Lansing, Michigan	27,185.45	3.5	28.4	12,006.28	1.5	12.7
Union Savings and Loan Association, Lansing, Michigan	5,157.29	2.6	8.0	2,785.53	1.4	4.3
Lansing Savings and Loan Association, Lansing, Michigan	2,729.22	5.3	29.5	957.66	1.9	10.4
Marshall Savings and Loan Association, Marshall, Michigan	681.84	3.5	25.7	391.10	2.0	14.7
First Savings and Loan Association, Saginaw, Michigan	22,761.96	4.6	12.8	9,386.88	1.9	5.3
Saginaw Savings and Loan Association, Saginaw, Michigan	<u>7,892.92</u>	<u>4.0</u>	<u>12.4</u>	<u>4,146.43</u>	<u>2.1</u>	<u>6.5</u>
Total state chartered	<u>98,214.46</u>	<u>3.6</u>	<u>14.1</u>	<u>49,871.60</u>	<u>1.9</u>	<u>7.2</u>
Alhoun Federal Savings and Loan Association, Battle Creek, Michigan	12,510.92	3.5	7.4	4,196.19	1.2	2.5
First Federal Savings and Loan Association, Flint, Michigan	3,882.23	1.7	4.8	2,606.48	1.2	3.2
Grand Rapids Mutual Federal Savings and Loan Association, Grand Rapids, Michigan	11,845.75	2.2	7.4	6,198.51	1.2	3.9
Mutual Home Federal Savings and Loan Association, Grand Rapids, Michigan	7,817.48	1.9	5.7	5,063.23	1.2	3.7
West Side Federal Savings and Loan Association, Grand Rapids, Michigan	1,869.84	1.2	3.2	1,712.13	1.1	2.9
Citizens Federal Savings and Loan Association, Port Huron, Michigan	<u>4,890.60</u>	<u>2.3</u>	<u>6.8</u>	<u>2,710.48</u>	<u>1.3</u>	<u>3.8</u>
Total federal chartered	<u>42,816.82</u>	<u>2.3</u>	<u>6.3</u>	<u>22,487.02</u>	<u>1.2</u>	<u>3.3</u>
Grand totals	\$ <u>141,031.28</u>	<u>3.1</u>	<u>10.2</u>	<u>72,358.62</u>	<u>1.6</u>	<u>5.2</u>

- 1) The tax information shown on this schedule is from Exhibit 208 (Data on 1952 taxes). The operating data for state associations is taken from the Building and Loan Division audit papers on file with the Building and Loan Division of the Office of the Secretary of State. Operating information on federal associations is taken from Exhibits 45-F, 57-F, 61-F, 73-E, 77-E and 81-E (annual reports to Federal Home Loan Bank of Indianapolis for 1952).
- 2) Does not include miscellaneous items in undivided profits since these items have no material effect on operations.
- 3) Capitol Savings and Loan was the only one having a provision for federal income taxes, the amount being \$13,250.
- 4) Includes amounts for all locations.

**ASSET ANALYSIS OF MICHIGAN NATIONAL BANK
AS OF DECEMBER 31, 1958.**

**Ratio to
Total Assets**

Total assets per balance sheet

305,807,549.55

Add back - reserve for bad debts,
unallocated charge-offs and other
valuation reserves

1,891,000.00

Total assets without reserve accounts

307,698,549.55

Cash and securities (includes stock in
Federal Reserve Bank)

153,849,845.55

50.0

MICHIGAN NATIONAL BANK DATA SUMMARIZED FROM COPY
OF 1952 OPERATING STATEMENT

		Per Cent to Gross Income
Gross operating income	\$ 11,896,705	
Total interest income	11,027,213	92.7
Interest on mortgage loans (would also include commercial and farm)	<u>2,597,197</u>	21.8
Net profits	\$ 2,064,329	
Add back federal income taxes	<u>2,082,350</u>	
Net income before above items	\$ 4,146,679	
Additional intangibles tax paid for 1952 (subject of suit)	<u>49,680</u>	
True Net Income	\$ 4,096,999	
Earnings per share after additional intangibles tax paid for 1952, \$20,000.00 preferred dividend, and after federal income taxes.		\$3.99

Note: Operating statement of plaintiff introduced as Exhibit 205.

Michigan National Bank and
Sixteen Specific Savings and Loan Associations
1952

	Michigan National Bank	Sixteen Specific Savings and Loan Associations	Ten State Savings and Loan Associations	Six Federal Savings and Loan Associations
Total assets - December 31, 1952 (note 1)	\$ 307,694,589	158,272,331	93,925,906	64,346,423
Gross income	11,896,706	6,729,901	4,132,030	2,597,072
Interest income	11,027,213	6,202,152	3,738,697	2,483,255
Interest on mortgage loans and land contracts	2,597,197	5,750,208	3,485,391	2,264,217
Interest to depositors	1,486,552	-	-	-
Dividends on savings shares	-	3,180,970	1,996,626	1,194,344
True net income (note 2)	4,096,999	1,375,204	694,015	681,189
Ratios:				
Interest income to gross income	92.7	92.1	90.5	94.8
Interest on mortgage loans and land contracts to gross income	21.8	85.4	84.3	87.2
True net income to:				
Total assets	1.3	.9	.7	1.1
Gross income	34.4	20.4	16.8	26.2
Gross income to total assets	3.9	4.2	4.4	4.0
State and local taxes:				
State:				
Franchise tax	\$ -	19,099	19,099	-
Intangibles tax (note 2)	168,499	53,280	30,773	22,487
Examination fee	-	8,641	8,641	-
Unemployment	26,203	7,133	3,296	3,836
Tax on increase in authorized capital	-	800	800	-
Total state	194,702	80,953	62,409	26,323
Local:				
Real property taxes	88,266	48,150	33,206	15,945
Personal property taxes	-	3,148	2,600	546
Total local	88,266	51,298	35,806	16,491
Grand totals	\$ 282,968	141,031	98,215	42,814
Ratio of state and local taxes to:				
True net income	6.9	10.2	14.1	6.3
True net income after adding back dividends on savings	-	3.1	3.6	2.3
Total assets	.001	.089	.104	.067
Ratio of franchise and intangible taxes to:				
True net income	4.1	5.2	7.2	3.3
True net income after adding back dividends on savings	-	1.6	1.9	1.2
Total assets	.065	.046	.063	.035

See accompanying notes.

Exhibit 213

1279a

Exhibit 215

COMPARISON OF ASSETS AND CERTAIN INVESTMENTS OF MICHIGAN NATIONAL BANK AND 16 SPECIFIC SAVINGS AND LOAN ASSOCIATIONS AS OF DECEMBER 31, 1952

	<u>Michigan National Bank</u>	<u>Specific Savings and Loan Associations</u>
Total Assets	\$ 307,694,569	\$ 158,272,331
First mortgage loans and land contracts	62,075,029	127,166,323
Cash and securities (Excludes stock in Federal Home Loan Bank and stock in Federal Reserve Bank)	153,849,265	25,096,224
Ratio:		
First mortgage loans and land contracts to total assets	20.2(1)	80.35
Cash and securities to total assets	50.0	15.86
Remaining assets to total assets	29.8(2)	3.79

(1) These are: Homestead Savings & Loan Ass'n, Albion; Peoples (formerly Industrial) Savings & Loan Ass'n, Battle Creek; East Lansing Savings & Loan Ass'n, East Lansing; Detroit and Northern Savings & Loan Ass'n, Hancock; Capital Savings & Loan Ass'n, Lansing; Union Savings & Loan Ass'n, Lansing; Marshall Savings & Loan Ass'n, Marshall; First Savings & Loan Ass'n, Saginaw; Saginaw Savings & Loan Ass'n, Saginaw; West Side Federal Savings & Loan Ass'n, Grand Rapids; Mutual Home Federal Savings & Loan Ass'n, Grand Rapids; Grand Rapids Mutual Federal Savings & Loan Ass'n, Grand Rapids; Calhoun Federal Savings & Loan Ass'n, Battle Creek; First Federal Savings & Loan Ass'n of Flint, Flint; Citizens Federal Savings & Loan Ass'n, Port Huron; and Lansing Savings & Loan Ass'n, Lansing.

(2) Ratio of first mortgage loans on residential properties is 16.7.

(3) Includes 28.0% other loans.

Notes: Data obtained from Exhibits Nos. 3 and 209, and 211.

Table 2

Proportion of Time Deposits to Total Assets of All National Banks in U.S.A.

End of June (1)	Total Assets of All National Banks in U.S.A. \$(000) (2)	Total Time Deposits of all National Banks in U.S.A.(a) \$(000) (3)	Proportion of Col. 3 to Col. 2 %
	(4)		
1913	11,036,980(1)	1,349,986(1)	12.2
1915	11,795,685(j)	1,285,428(j)	10.9
1919	20,799,550(e)	2,784,940(e)	13.4
1930	29,116,539(e)	3,003,000(e)	27.5
1940	36,885,080(h)	7,875,792(h)	21.4
1952	101,541,564(b)	20,720,190(b)	20.4
1957(f)	104,047,803(g)	27,761,505(g)	26.7

Table 1

Selected Assets and Liabilities of All National Banks in U.S.A., on Selected Dates Since 1865
(In millions of dollars)

	July 3, 1865	June 30, 1875	Sept. 5, 1900	June 4, 1913	June 30, 1919	June 30, 1930	June 29, 1940	Dec. 31, 1952	Dec. 31, 1957
Individual deposits subject to check	328.4	686.5	2,508.2	4,866.2	8,697.7	10,926.2	15,977.0	26,682.9	38,715.5
United States Gov. deposits	58.0	10.2	93.8	68.4	660.9	172.0	365.0	3,251.6	2,484.1
Time deposits (total)	•	•	•	1,330.0a	2,784.9	8,732.6	8,355.0	23,118.5	31,555.3
Total deposits	436.4	696.7	2,602.0	6,021.8	12,939.9	23,268.9	33,074.4	99,297.8	109,435.3
National bank notes	131.4	318.1	283.9	722.1	677.2	652.3	0	0	0
Demand & other short-term loans (mainly)	•	972.9	2,686.8	6,066.2	10,826.2	13,414.8	7,176.0	28,373.4	38,986.2
Loans secured by real estate mortgages	•	•	•	76.8a	184.0	1,473.0	2,003.0	8,264.6	12,480.5
Total loans	362.4	972.9	2,686.8	6,143.0	11,010.2	14,887.8	9,179.0	36,638.0	51,466.7
United States bonds	352.7	402.0	408.7	788.6	3,176.3	2,753.9	9,111.0	35,936.4	31,338.1
All other bonds and securities	12.6	32.0	367.3	1,094.2	1,816.6	4,134.3	3,794.0	8,355.9	9,643.6
Total investments	404.3	434.0	776.0	1,882.8	4,992.9	6,888.2	12,905.0	44,292.3	40,981.7
Total assets	1,126.4	1,913.2	5,048.1	11,036.9	20,799.6	29,116.5	36,885.0	108,132.7	111,429.4
Currency outside banks in U.S.A.d	770.1	798.2	1,331.0	1,878.0	3,993.0	3,369.0	6,699.0	27,500.0	28,301.0
Demand deposits adjusted in U.S.A.e	N.A.	1,173.5f	4,420.0	9,140.0	17,624.0	21,706.0	31,962.0	101,200.0	110,254.0
Money supply (demand deposits adjusted and currency outside banks)e	N.A.	1,971.7	5,751.0	10,998.0	21,217.0	25,075.0	38,661.0	128,700.0	138,555.0
Proportion of nat'l bk. notes to currency outside banks in U.S.A. (%)	17.1%	39.9%	21.3%	38.9%	18.9%	19.4%			
Proportion of "indiv. dep. subject to check" of nat'l bks. to "demand dep. adjusted" (%)		58.9%	56.7%	53.2%	49.4%	50.3%	50.0%	56.0%	53.3%

EXHIBIT 219

12828

Table 3

Real Estate Loans of All National Banks in U.S.A. on Selected Dates
(In Thousands of Dollars)

	Secured by Farm Land (1)	Secured by Residential Properties (2)	Secured by Other Properties (3)	Total Real Estate Loans (4)	Total Assets(b) (5)	Proportion of Col. 4 to Col. 5 % (6)	Proportion of Col. 2 to Col. 5 % (7)
June 4, 1913				n.a.	11,036,980(g)		
June 23, 1915				150,995(h)	11,795,685(h)	1.3	
June 30, 1919				163,988(f)	20,799,550(f)	0.9	
June 30, 1930	296,970(e)	1,176,031(e)		1,473,001	29,116,500	5.1	
June 29, 1940	294,456(a)	1,222,469(a)	485,927(a)	2,002,852	36,885,000	5.4	3.5
Dec. 31, 1952	402,931(e)	6,516,750(e)	1,344,949(e)	8,264,630	108,132,700	7.6	6.0
Dec. 31, 1957	523,131(a)	9,436,494(a)	2,520,917(a)	12,480,542	111,429,400	11.2	8.5

EXHIBIT 220

1283a

Table 4.

Proportion of Total Savings Accounts to Total Assets of All Savings and Loan Associations
in U.S.A. and in Michigan on Selected Dates

End of June (1)	United States			Michigan- All Associations			Michigan- State-Chartered Associations		
	Total assets \$(000) (2)	Total savings accounts \$(000) (3)	Proportion of col. 3 to col. 2 % (4)	Total assets \$(000) (5)	Total savings accounts \$(000) (6)	Proportion of col. 6 to col. 5 % (7)	Total assets(b) \$(000) (8)	Total savings accounts(b) \$(000) (9)	Proportion of col. 9 to col. 8 % (10)
1870									
1893	473,137(d)			5,474(c)					
1900	571,367(d)			10,118(c)					
1913	1,240,479(d)			24,009(c)					
1918	1,898,344(d)			37,924(c)	32,508	85.7	17,924	32,508	85.7
1919	2,126,680(d)			42,408(c)					
1920	2,519,915(d)	1,700,000(e)	67.5						
1930	8,829,000(a)	6,296,000(a)	71.3	167,200(e)					
1936							95,150	83,284	87.5
1940	5,733,000(a)	4,543,000(a)	79.2	116,453(r)	99,446(r)	85.4	68,386	57,250	83.8
1952	22,585,000(a)	19,143,000(a)	84.8	537,695(r)	468,153(r)	87.0	161,041	134,250	83.4
1957	48,200,000(a)	42,095,000(a)	87.3	1,249,820(r)	1,122,837(r)	90.8	403,263	358,347	88.9

Exhibit 221

1284a

Table 5

Proportion of Total Savings Deposits to
Total Assets of All Mutual Savings Banks
in U.S.A. on Selected Dates

Year (1)	Total Assets \$(000) (2)	Total Savings Deposits \$(000) (3)	Proportion of Col. 3 to Col. 2 %
	(2)	(3)	(4)
1900	2,336,460(g)	2,134,471(g)	91.4
1913	4,104,640(r)	3,769,553(r)	91.8
1919	5,171,551(e)	4,751,113(e)	91.9
1930	10,295,308(b)	9,205,258(b)	89.4
1940	11,932,218(d)	10,628,289(d)	88.9
1952	25,233,443(a)	22,528,074(a)	89.5
1957	35,167,860(e)	31,663,752(e)	90.0

12.4

Exhibit 222a

Proportion of Time and Savings Deposits or Savings Share Accounts
to Total Assets of National Banks, Savings and Loan Associations,
and Mutual Savings Banks in Selected Years, 1913-1957 ^{1/}
(In per cent)

Year	All national banks in U.S.A.	All savings and loan associations in U.S.A.	All savings and loan associations in U.S.A.	All Mutual Savings Banks in U.S.A.
1913	18.2	n.a.	n.a.	21.8
1918	n.a.	n.a.	85.7	n.a.
1919	13.4	n.a.	n.a.	21.9
1930	27.5	71.3	n.a.	89.4
1940	31.4	79.2	85.4	88.9
1952	30.4	86.8	87.0	89.5
1957	36.7	87.3	89.8	90.0

^{1/} Abstracted from Exhibits 218, 221, and 222

Table 6

**Classification of Time and Savings Deposits of All National Banks
in the United States on Selected Dates***
(In millions of dollars)

Class of Deposits	Dec. 31, 1957	Dec. 31, 1958	June 29, 1960	June 30, 1960	June 30, 1969
Individuals, partnerships and corporations, total	29,136.7	21,517.2	7,875.7	8,003.0	
Savings (pass book accounts)			6,977.7	6,070.7	
Certificates of deposit			533.5	1,337.5	898.2
Other time deposits			364.5	594.8	1,784.4(a)
U.S. Government, including postal savings	230.2	223.5	46.2	108.0	94.1
States and political subdivisions	1,668.2	1,008.2	394.4	437.8	8.2
Banks	518.2	304.7	98.7	203.8	
Total time deposits	31,555.3	23,118.5	8,355.0	8,752.6	2,784.9
Per cent of time deposits of individuals, etc. to total time deposits	92.3%	93.1%	94.3%	91.4%	
Per cent of savings (pass book accounts) to total time deposits			83.5%	69.4%	

Sources: for 1957 - Annual Report of Comptroller of the Currency, 1957, pp. 184-185; for 1958 - Ibid., 1958, pp. 12 and 156-157; for 1960, Ibid., p. 261; for 1960, Ibid., p. 116; for 1969, Ibid., p. 185.

(a) Includes savings (pass book accounts) and banks

* Time deposits first reported separately by Comptroller of the Currency as of Sept. 1, 1910 when "certificates of deposits due on and after 30 days, and other time deposits" of all national banks were \$433.2 million. Ibid., 1915, Vol. II, p. 875.

Encl 223

1287a

Table 7

Principal Sources of Funds of All Savings and Loan Associations,
All National Banks, and All Mutual Savings Banks
in the United States at the End of 1938
(In millions of dollars)

Savings and loan associations^{a/}

(1)	Reserves and undivided profits	1,698
(2)	Savings capital (shares)	19,195
(3)	Total assets	22,660

Proportion of (1) to (3)	7.5%
Proportion of (2) to (3)	84.7%

a/ Source: Federal Reserve Bulletin, September, 1938, p. 1091.

National banks^{b/}

(1)	Capital stock, surplus and undivided profits	7,059
(2)	Total deposits	99,878
(3)	Total assets	108,133

Proportion of (1) to (3)	6.5%
Proportion of (2) to (3)	91.8%

b/ Controller of the Currency, Annual Report, 1938, pp. 12-13.

Mutual savings banks^{c/}

(1)	Total capital accounts	2,479
(2)	Total deposits	22,621
(3)	Total assets	25,233

Proportion of (1) to (3)	9.8%
Proportion of (2) to (3)	89.6%

c/ Controller of the Currency, Annual Report, 1938, pp. 174-175.

Exhibit 234a

Proportion of Real Estate Loans to Total Assets of All National Banks and
of All Savings and Loan Associations in U.S.A. on Selected Dates.
(In per cent)

	(1) National banks, total real estate loans to total assets	(1) National banks, residential real estate loans to total assets	(2) Savings and loan associations, mortgage loans to total assets
June 30, 1915	1.3		
June 30, 1919	0.9		
June 30, 1930	5.1		
June 29, 1940	5.4	3.5	
Dec. 31, 1941			75.7
Dec. 31, 1952	7.6	6.0	81.2
Dec. 31, 1957	11.2	8.5	83.1

(1) Abstracted from Exhibit 230.

(2) Savings and loan associations (In millions of dollars)

End of Year	Mortgage Loans	Total Assets
1941	4,378	6,049
1952	18,396	22,660
1957	40,119	48,275

Source: Federal Reserve Bulletin, Sept. 1958, p. 1091.

Subject: 2246

**Residential Real Estate Loans of All National Banks and
of Michigan National Bank, December 31, 1938
(In thousands of dollars)**

Type of loan	<u>All national banks</u>		<u>Michigan National Bank</u>	
	<u>Amount</u>	<u>Per cent of total</u>	<u>Amount</u>	<u>Per cent of total</u>
Conventional loans secured by residential property	2,784,122	38.6	15,125.5	29.5
Loans insured by Federal Housing Administration	2,094,575	32.1	21,944.6	32.4
Loans insured or guaranteed by Veterans' Administration	<u>1,876,051</u>	<u>22.4</u>	<u>2,229.1</u>	<u>12.1</u>
Total residential real estate loans	6,754,750	100.00	39,419.9	100.00

ENCLOSURE 2246

12304

EXHIBIT 225

National Bank X

<u>Assets</u>	
Loans	\$ 400
Investments	300
Cash, etc.	200
Other assets	50
Total assets	<u>\$1,100</u>

<u>Liabilities</u>	
Capital stock, surplus and undivided profits	\$ 100
Total deposits	<u>1,000</u>
Total liabilities	<u>\$1,100</u>

Savings and Loan Y

<u>Assets</u>	
Real estate loans	\$ 900
Investments	100
Cash, etc.	50
Other assets	50
Total assets	<u>\$1,100</u>

<u>Liabilities</u>	
Reserves and undivided profits	\$ 100
Savings share accounts	<u>1,000</u>
Total liabilities	<u>\$1,100</u>

Comparison of Rates of Taxation on Total Assets of the
Michigan Intangibles Tax on National Banks and the
Michigan Franchise Tax on State-Chartered Savings
and Loan Associations

All National Banks in Michigan as of Dec. 31, 1952 ^{1/}

Capital, surplus, and undivided profits	\$166,724,000
Total assets	\$3,728,340,000
Intangible Tax of 5 $\frac{1}{2}$ mills on \$166,724,000	\$916,982
Proportion of Intangibles Tax to total assets	.02459%

All State-Chartered Savings and Loan Associations
in Michigan as of June 30, 1952 ^{2/}

Reserves	\$ 10,178,000	
Savings share accounts	134,290,000	
Total	\$144,468,000	
Total Assets		\$161,041,000
Franchise tax of $\frac{1}{2}$ mill on \$144,468,000		\$36,117
Proportion of franchise tax to total assets		.02243%

^{1/} Source: Comptroller of the Currency, Abstract of Reports of Condition of National Banks, No. 245, pp. 5 and 8

^{2/} Source: Exhibit 221, "Reserves and undivided profits" as reported by Michigan Savings and Loan Leagues.

Exhibit 226

1292a

Stipulation Concerning Activities of Certain Savings and
Loan Associations
STATE OF MICHIGAN

IN THE COURT OF CLAIMS FOR THE STATE OF MICHIGAN

MICHIGAN NATIONAL BANK, et al

Plaintiffs

vs

Docket No. 473

STATE OF MICHIGAN, et al

Defendants

**STIPULATION CONCERNING ACTIVITIES OF
CERTAIN SAVINGS AND LOAN ASSOCIATIONS -
PURSUANT TO PAGES 539, 540 AND 573 OF RECORD.**

IT IS HEREBY STIPULATED by and between the respective parties hereto, through their attorneys of record, that Detroit and Northern, Union, First Federal (Flint), Marshall, Calhoun Federal, Homestead, Mutual Home, Citizens Federal, Capital, West Side, Grand Rapids Mutual, East Lansing, Saginaw, Peoples, First of Saginaw and Lansing Savings and Loan Associations do not maintain the following facilities or conduct the following operations:

1. Loan money to finance companies.
2. Make unsecured loans on the strength of a borrower's financial statement.
3. Loan money secured by chattel mortgages.
4. Make loans secured by shares of stock in firms other than the association.

*Stipulation Concerning Activities of Certain Savings and
5. Make loans secured by bills of lading.
Loan Associations*

6. Make loans secured by fungible goods.
7. Issue letters of credit.
8. Purchase or sell securities on the order of a customer.
9. Collect notes and drafts for customers.
10. Deal in any way in foreign exchange.
11. Maintain a safe deposit or safekeeping facilities.
12. Ship and receive securities for the account of customers.
13. Operate a trust department.
14. Act as a transfer agent.
15. Act as a registrar.
16. Act as a dividend disbursing agent.
17. Act as a coupon paying agent.
18. Act as a trustee for issues of securities.
19. Accept deposits.
20. Make oil loans.
21. Act as escrow agent.
22. Make loans secured by insurance policies.
23. Make loans secured by livestock.

The stipulation concerning the above facts is limited to
the calendar year 1952.

BUTLER, RAMAN, LONG, GUST & KENNEDY

By _____

PAUL L. ADAMS, Attorney General

T. CARL HOLBROOK

WILLIAM B. BEXTER

Assistant Attorney General

By _____

William B. Bexter

Assistant Attorney General

For Defendants:

State Capitol

Lansing, Michigan

TRANSCRIPT OF RECORD

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VOLUME IV

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1960

No. 155

MICHIGAN NATIONAL BANK, ET AL.,
APPELLANTS,

vs.

MICHIGAN, ET AL.

APPEAL FROM THE SUPREME COURT OF THE STATE OF MICHIGAN

FILED JUNE 17, 1960

PROBABLE JURISDICTION NOTED OCTOBER 10, 1960

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1960

No. 155

MICHIGAN NATIONAL BANK, ET AL.,
APPELLANTS,

vs.

MICHIGAN, ET AL.

APPEAL FROM THE SUPREME COURT OF THE STATE OF MICHIGAN

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[fol. 1296]

**IN THE SUPREME COURT OF THE STATE OF
MICHIGAN**

Appeal From the Court of Claims

Honorable Fred N. Searl, Circuit Judge,
Acting Judge of the Court of Claims

No. 48,138

MICHIGAN NATIONAL BANK, a banking association organized under the laws of the United States, Plaintiff and Appellant,
NATIONAL BANK OF WYANDOTTE, THE FIRST NATIONAL BANK (THREE RIVERS, MICHIGAN, COMMERCIAL NATIONAL BANK OF IRON MOUNTAIN, THE NATIONAL BANK OF JACKSON, and THE FIRST NATIONAL BANK AND TRUST COMPANY OF KALAMAZOO, banking associations organized under the laws of the United States, Intervening Plaintiffs,

v.

STATE OF MICHIGAN, DEPARTMENT OF REVENUE OF THE STATE OF MICHIGAN, and LOUIS M. NIMS, STATE COMMISSIONER OF REVENUE, Defendants and Appellees.

Appellees' Appendix

APPELLEES' EXHIBIT 204B

Investment of \$100.00 in Michigan National Bank Common Stock (par value—\$10.00) at high of market in 1941 (17), showing increase in value, stock dividends, and cash dividends paid.

[fol. 1297]

Year	Beginning Shares	Stock Dividend	Ending Shares	Market Value*	Cash Dividend
1941	5.88	—	5.88	\$100.00	\$ 2.94
1942	5.88	—	5.88	117.60	5.88
1943	5.88	—	5.88	170.52	5.88
1944	5.88	2.00	7.88	244.28	7.88
1945	7.88	—	7.88	346.72	7.88
1946	7.88	1.97	9.85	374.30	9.85
1947	9.85	1.97	11.82	390.06	11.82
1948	11.82	—	11.82	413.70	11.82
1949	11.82	3.93	15.75	378.00	15.75
1950	15.75	—	15.75	567.00	15.75
1951	15.75	—	15.75	630.00	15.75
1952	15.75	—	19.68	669.12	19.68
Total Cash Dividend					\$130.88

*Lowest Quote during year except beginning purchase at highest quote.

Data From Exhibit 204.

[fol. 1298]

STATEMENT OF POSITION

BUTZEL, EAMAN, LONG, GUST AND KENNEDY

1881 National Bank Building

Detroit 26

January 6, 1956

Honorable Fred N. Searl
Circuit Judge
Seventeenth Judicial Circuit
Grand Rapids, Michigan

Re: Michigan National Bank vs. Department of Revenue
Court of Claims No. 473

Dear Judge Searl:

At our pre-trial conference with you on December 13, 1955, we agreed to furnish you with a statement of our position in the above entitled cause in order that you might be informed more fully as to the nature of the case and hence better able to deal with such objections and issues as might arise in the course of our pre-trial proceedings. Accordingly, we submit the following statement. It is, of course, tentative in nature in many respects as I am sure you will appreciate. The factual development of the case may of necessity alter some of the positions advanced. Nor does it represent an exhaustive analysis of the many cases on the subject. We do think that it will be of assistance to you, however, in the connection in which you requested it.

[fol. 1299] *The Michigan Intangibles Tax:*

Prior to 1952, national bank shares were taxed at the same rate as all other intangibles, i.e., if income producing at the rate of 3% of dividends paid, or 1/10 of 1% of the par or contributed value of such shares whichever was the greater, and if non-income producing, at the rate of 1/10 of 1% of the par or contributed value of such shares (CL '48, Sec. 205.132). Taxation of bank

shares differed from other intangibles only in respect of the fact that the banks were (and still are) required to pay the tax on their shares (CL '48, Sec. 205.136), whereas shareholders in all other corporations paid their tax individually, subject to a \$20.00 exemption, a benefit not extended to the bank shareholders. Also the tax on bank shares was levied irrespective of the "situs" of the shares and the residence of the shareholder, whereas other intangibles were taxed only if they had a "situs" in Michigan.

However, in 1952, the Michigan legislature undertook to place bank shares in a special and more heavily taxed category. By Act 182 of the Public Acts of 1952 (5A CL '48 Sec. 205.132a, 1952 Supp.) an abortive effort was made by the legislature to impose a tax (in addition to the normal tax) of 4 mills on the "book value" of bank shares. This was so patently contrary to the federal statute granting permission to the various states to tax national bank shares that the legislature repealed the Act before such a tax was ever required to be paid under it.

But, the legislature did not abandon its attempt to place bank shares in a special category. In place of Act 182 was substituted Act 9 of the Public Acts of 1953 (5A CL '48 Sec. 205.132a, 1954 Supp.).

[fol. 1300] This is the amendment with which we are presently concerned. By this Act there is levied upon each resident or non-resident owner of stock of state and national banks and trust companies, whether income producing or not, a tax of $5\frac{1}{2}$ mills based on the "capital account" of the bank or trust company which is defined as the common capital, surplus and undivided profits of each bank or trust company as shown on its latest annual report for each year. This new tax is in lieu of the normal tax theretofore paid. Just as definitely as was the case with the abortive Act of 1952 bank shareholders are singled out by this new Act for special treatment and a larger intangibles tax is demanded of them than of any other intangible owner. In essence, though not labelled as such, it is a franchise tax collected from and paid by each bank on its

MICRO CARD

TRADE MARK



22

597



60



capital. (Comparably speaking, general commercial corporations were in 1952 paying a franchise tax of 4 mills on their capital). Of course, it could not be labelled a franchise tax because the State may not tax a national bank as a federal agency for the privilege of doing business in Michigan. *Owensboro National Bank vs. Owensboro* (1898), 173 U.S. 664. The question presented is whether this levy is valid.

R.S. 5219:

If this Act is invalid in its application to national bank shares it is because it is contrary to the federal statute which grants permission to the states to tax such shares (R.S. 5219, 12 USCA, Sec. 548). It has long been recognized that a state has no power to tax the national banks or their shares except as Congress gives them that power. *People vs. Weaver*, (1879), 100 U.S. 539, 543-4. As early as 1865, Congress did give the states the power to tax [fol. 1304] national bank shares. R.S. 5219 grants that power and in its present form, at least for our purposes, this statute is substantially similar to its predecessors. It not only "prescribes the full measure of the several states to impose taxes upon national banking associations or their stockholders", but "Any assessment not in conformity therewith is unauthorized and invalid." *First National Bank of Gulfport vs. Adams* (1922), 258 U.S. 362, 364-5.

The requirement of R.S. 5219 which in our opinion is violated by the Michigan Tax under consideration is the following:

" * * * the tax imposed shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State coming into competition with the business of national banks: Provided, That bonds, notes or other evidences of indebtedness in the hands of individual citizens not employed or engaged in the banking or investment business and representing merely personal investments not made in competition with such business, shall not be deemed moneyed capital within the meaning of this section." (emphasis ours)

In reaching the opinion that the above requirement has been violated in this instance, it was necessary to review the numerous decisions of the United States Supreme Court bearing upon the question of what constitutes discrimination. No effort will be made in this opinion letter to cite all of these cases. To do so would unduly prolong it. However, it is deemed necessary to an understanding of the issues involved that a few of the more important principles established by the decisions be reviewed.

[fol. 1302] The major issue may, of course, be simply stated, that is, whether national bank shares have been taxed in Michigan at a greater rate than other forms of competitive moneyed capital in the hands of individuals. But as is often the case with terms apparently simple on their face, there has been much litigation as to their meaning. Most of this litigation has centered about the meaning of the term "other moneyed capital" and the scope of the term " * * * coming into competition with the business of national banks." Because of the almost endless controversy over these terms and their importance in this case, we will consider at this point what has been established by the decisions.

What is "other moneyed capital"?

By a process of inclusion, exclusion and general definition the United States Supreme Court has over the years given this term a somewhat special meaning. It is definitely broader than "moneyed capital" invested in state banks and trust companies and simply because those institutions or their shares are similarly taxed will not satisfy the requirements of R.S. 5219. *Merchants National Bank of Richmond vs. City of Richmond* (1921), 256 U.S. 625. Credits, money loaned at interest, and demands against persons or corporations "are moneyed capital." *Ecanville Bank vs. Britton* (1881), 105 U.S. 32, 323-4. Also "mortgages, judgments, recognizances and money due upon agreement for the sale of real estate." *Boyer vs. Boyer* (1885), 113 U.S. 689, 702. The term broadly includes shares of stock or other interests owned by individuals in all enterprises in which the capital employed in carrying on

the business is money, where the object of the business is the making of profit by its use as money, and where the [fol. 1303] capital thus employed is invested for that purpose in securities by way of loan, discount or otherwise, which are from time to time according to the rules of business reduced again to money and reinvested. *Mercantile Bank vs. New York* (1887), 121 U.S. 138, 157. The term by definition also includes money in the hands of individuals (in addition to stock interests) employed in a similar way, i.e. invested in loans, or in securities for the payment of money. Thus, chattel and real estate mortgages taken as security for loans, notes, receivables, land contracts, deposits and loans of all sorts are representative of the term "moneyed capital." *First National Bank of Guthrie Center vs. Anderson* (1923) U. S. 341.

The term does not include "moneyed capital" in the hands of corporations but only in the hands of individual citizens, although shares in corporations engaged in the finance or investment business constitute "moneyed capital" in the hands of individuals. *National Bank of Wellington vs. Chapman* (1899), 173 U.S. 205, 214. Nor does it include shares of stock or other interests in general commercial corporations, such as mining, manufacturing or railroad companies, even though the shares of stock in such companies represent an interest in the corporation expressed in money value which may be sold, exchanged or traded in. *Mercantile Bank vs. New York*, cited 155.

Summarizing, shares of stock or other interests in financial institutions whose business is money constitute "moneyed capital." *Talbott vs. Silver Bow County* (1891), 139 U.S. 438, 448. The term accordingly does cover the interests, stock or otherwise, of individuals in banks, trust companies, insurance companies, finance companies, mortgage companies, small loan companies, building and loan [fol. 1304] and savings and loan companies, savings banks, credit unions, investment companies, and the like. Credits in the hands of individual citizens, such as bonds, notes, receivables, mortgages, land contracts, deposits and the like are also "moneyed capital." *Merchants National Bank vs. Richmond*, 256 U.S. 635, 639, subject, however, to the

proviso that such of the above as represent merely personal investments not made in competition with the banking business are not "moneyed capital." *First National Bank of Guthrie Center vs. Anderson*, cited, 350.

What is moneyed capital "coming into competition with the business of national banks"?

Having answered the question of what constitutes "moneyed capital", it is then necessary to determine the scope of the further limitation as to what part of that "moneyed capital" is in competition with the banking business. In this the Court recognizes the question to be a mixed one of law and fact. Further complicating the problem is the fact that prior decisions are in some respect of little value. This is so because competition is a dynamic concept and changes in methods of doing business since the federal statute was first enacted in 1864 have substantially altered the meaning of the term "competition" as regards both banks and their "competitors" in the money market. *First National Bank of Guthrie Center vs. Anderson*, cited, 353-4; *First National Bank vs. Hartford* (1927), 273 U.S. 548. This is perhaps most apparent in the changes which have occurred in the field of real estate mortgages and installment paper where banks, finance companies and building and loan associations are presently in sharp competition in contrast to the situation a relatively short time ago when [fol. 1305] no such competition existed. Changes in the way of doing business by other institutions have definitely brought them into competition with the banks where in the past they were not.

In this sense decisions made many years ago when this was not a fact are of little value. "Competition" must be assessed in the light of to-day's and not yesterday's business.

However, certain special principles have been established by the Court which are essential to an understanding of the term "competition". It is not necessary that the individual, firm or company conduct a business identical in all respects to the banking business. The restriction

applies as well where the competition exists only with respect to certain phases of the business of national banks as where "moneyed capital" is employed substantially as in the loan and investment features of banking. Competition in the sense intended by the statute arises not from the character of the business of those who compete, but from the manner of the employment of the capital at their command. *First National Bank vs. Hartford*, cited; *Minnesota vs. First National Bank of St. Paul* (1927), 273 U.S. 561; *Public National Bank of New York vs. Keating* (1931), 47 E. 2d 561, 564, affirmed per curiam 284 U.S. 587.

There must, however, be actual competition. *First National Bank of Shreveport vs. Louisiana Tax Commission* (1933), 289 U.S. 60. It is necessary to show not only that the bank and its alleged competitor were authorized by law to engage in a competitive line of business, but that moneys of both were actually employed in substantial amount in some line of business carried on by the less [fol. 1306] heavily taxed non-banking concern. It is not necessary to show that they solicit the same customers for the same loans or investments. It is enough if both engage in seeking and securing in the same locality capital investments substantial in amount and of the same class. *First National Bank vs. Hartford*, cited.

Applying these legal principles to the present money market it would seem inescapable that there is not only a large amount of "moneyed capital" in Michigan but that a substantial part of it is in competition with the national banks as they are presently operated. Such competition arises not from the character of the business of those who compete (which is not decisive) but from the manner of the employment of their capital (which is decisive). In the case of all of these competitors the capital which they employ in their business is money and the object of that business is the making a profit by its use as money. They are within the classic definition of the statutory terms. Such institutions as state banks and trust companies, finance companies, small loan companies, building and loan and savings and loan associations, insurance companies, real estate and mortgage companies, as well

as individuals similarly engaged, would clearly fall in this category. Such concerns compete with the banks not only in the investment phase of their business, but some, in addition, compete in a very material way with the banks for the latter's source of capital, i.e. depositors and shareholders, by diverting such capital to their own uses.

How is other moneyed capital taxed by the State of Michigan?

Granting such competition to exist the question remains is the tax on the bank shares discriminatory? To answer [fol. 1307] the question of discrimination it is necessary to consider the impact of all state taxes, not simply the intangible tax. The latter tax is discriminatory on its face but other taxes not imposed on banks but paid by competing capital may offset this inequity. In this connection, it may be said at the outset that the Michigan tax structure is such that comparison in many cases is impossible. For instance, a tax based on income cannot be equated to an ad valorem tax. It is, therefore, doubtful whether such a tax based solely on income or earnings can offset a tax such as that imposed on bank shares which is based on capital.

State Banks and trust companies are taxed in the same manner as national banks and therefore need not be considered. In addition to the intangibles tax above described, an intangibles tax of $1/25$ of 1% is levied on bank deposits which the depositor is required to pay unless the bank "voluntarily elects to pay such tax on its total deposit liabilities." CL '48, Sec. 25.132. Banks also pay the normal real estate taxes on their lands and buildings. They are exempt from the payment of a franchise tax. CL '48, Sec. 450.304.

Building and Loan and Savings and Loan Associations. These associations pay only $1/25$ of 1% on their shares. CL '48, Sec. 205.132. They are exempt from any other intangibles tax. CL '48, Sec. 205.133(11). The domestic associations pay a franchise tax of $1/4$ mill upon each dollar of their paid-in capital and legal reserve. CL '48, Sec. 450.304a. The federal associations did not pay that tax

in 1952. They also pay the normal real estate taxes on their lands and buildings.

Individuals and Partners. This category of taxpayer would cover all phases of business where conducted other [fol. 1308] than in corporate form. Because of this, no franchise tax is involved. Mortgage and real estate companies, small loan companies and finance companies may be so conducted. In such case the individual or partnership pays only the normal intangibles tax of $3\frac{1}{2}\%$ of income or $1/10$ of 1% of face, pars or contributed value whichever is greater, and in the case of income producing accounts and notes receivable offset by accounts and notes payable, $1/25$ of 1% (5A CL '48, Sec. 205.132, 1952 Supp.).

Insurance Companies. These companies are exempt from the Intangibles Tax Act, CL '48, Sec. 205.133(9). Domestic companies, however, pay a franchise tax of 5 mills on paid-up capital, surplus and unassigned profits (with a maximum of \$50,000). CL '48, Sec. 505.1. Foreign life and casualty companies pay 2% of gross premiums written in Michigan and foreign fire, marine and auto companies 3% of gross premiums. CL '48, Sec. 512.17. They also pay the normal real estate taxes on their lands and buildings.

Credit Unions are wholly exempt from taxation. CL '48, Sec. 205.133(12a), Sec. 493.8.

Small Loan Companies. These companies whether operated by individuals or partners or in corporate form pay an annual license fee of \$150.00. CL '48, Sec. 493.8. If operated by individuals or partners the owners would also pay the normal intangibles tax, as do other individuals or partners, on their notes, accounts receivable and the like. CL '48, Sec. 205.132. In connection with accounts or notes receivable the taxpayer may also under certain circumstances offset accounts or notes payable. CL '48, Sec. 205.133. If operated in corporate form, the company would [fol. 1309] pay the corporation franchise tax and also an intangibles tax on its notes and accounts receivables as in the case of individuals or partners. In addition, stockholders of such companies, if residents, would pay the normal intangibles tax on their shares.

Corporations (including *finance* and *investment* companies) subject to the General Corporation Law pose a special problem. At first glance they would seem to be taxed at rates equal to or greater than the tax rate on national bank shares. But this is not necessarily so. In 1952 such corporations paid a tax of 4 mills on capital and surplus (as compared with $5\frac{1}{2}$ mills on the bank's "Capital Account"). CL '48, Sec. 40.304. In addition, their *resident* shareholders paid the normal intangibles tax, less the individual exemption of \$20.00. CL '48, Sec. 205.132. The corporation also paid an intangibles tax on its accounts and notes receivables but could offset notes and accounts payable where the latter were incurred or given in connection with the business from which the receivables were derived. The bank shareholder on the other hand has no \$20.00 deduction and is taxed whether he is a resident or non-resident of Michigan. The bank pays no tax on accounts and notes receivables, but it does pay $1/25$ of 1% on its deposits (accounts payable), a tax which other corporations are not required to pay. In many situations it would appear that the combined tax on banks or their shareholders of $5\frac{1}{2}$ mills on their capital account, plus $1/25$ of 1% on their deposits, might exceed the combined tax on a corporation and its resident shareholders as above described.

Conclusion:

From a review of the above it would appear that there is a substantial discrimination against national bank shares [fol. 1310] in favor of other types of moneyed capital in Michigan which come into competition with various phases of the banking business.

There is a clear discrimination in the case of *building and loan* and *savings and loan associations*, both federal and domestic. In 1952 there were 63 such institutions, 36 being federal and 27 state-chartered. Their combined assets totalled 534 million. Their competition with the banks in the mortgage field is substantial. The rate of tax as pointed out above is not comparable. Under such circumstances, the tax levied under Act 9 of 1953 would

appear to clearly violate R.S. 5219. *First National Bank of Hartford vs. Hartford* (1927), 273 U.S. 548; *National Bank of Commerce vs. King County* (1929), 153 Wash. 351, 280 Pac. 16; *Boise City National Bank vs. Ada County* (Dec. Ida 1931) 48 F. 2d 222; *Commercial National Bank vs. Custer County* (1927) 275 U.S. 502, rev'ing 76 Mont. 45, 246 Pac. 259. Changes in methods of doing business in the past twenty-five years on the part of both the banks and the associations clearly distinguish such prior decisions as *First National Bank of Shreveport vs. Louisiana Tax Comm.* (1933), 289 U.S. 60.

Insurance companies pose a slightly different problem. Domestic companies pay 5 mills on paid-up capital, surplus and unassigned funds, but there is a maximum tax of \$50,000. Thus, the maximum tax would be reached when such a company's capital, surplus and unassigned funds reached 10 million dollars. No such benefit is extended banks which may result in a substantial discrimination in many instances. The tax paid by foreign insurance companies is impossible to compare because the tax base (gross premiums written in Michigan) is completely unrelated to the capital value of their shares or their assets [fol. 1311] in Michigan. Due to that fact alone, the tax may be discriminatory. Such a company might have many millions of dollars loaned on Michigan property to Michigan residents and pay a relatively small tax because of the premiums earned here. The bank's competition with such companies comes in the loaning of money. The capital of both the bank and insurance company is money and the object of both is the making of a profit by the use of such capital by investing it by way of loan, discount or otherwise, which, when reduced again to money according to the rules of business, is reinvested. *First National Bank of Hartford vs. Hartford*, cited. It is recognized that there are prior decisions holding that the insurance companies are not competitors.

Mercantile Bank vs. New York, cited; *People vs. Commissioners* (1866), 71 U.S. 244. However, conditions have changed to such an extent over the years since these cases were decided that competition may now be found to exist

particularly in the mortgage market, where it did not before.

Individuals and Partnerships: When an individual or partnership engages in the business of investing and re-investing money in mortgages, land contracts or receivables there is a marked advantage over banking activities in the same field from the tax standpoint. Such credits in the hands of an individual or partnership are subject only to the normal intangibles tax which on its face is discriminatory when compared to the $5\frac{1}{2}$ mills the banks must pay.

Finance Companies are in substantial competition with banks today. Their franchise tax of 4 mills on capital is substantially less. The only question is whether this [fol. 1312] inequity is offset by other taxes paid by the companies or their stockholders. For the reason pointed out above, it is at least doubtful whether they are not favored over the banks.

It is our conclusion from the above that there is in Michigan a substantial amount of moneyed capital which is employed in competition with material phases of the national banking business, that the tax imposed by Act 9 of the Public Acts of 1953 represents a clear discrimination against national bank shares and in favor of a relatively material part of other moneyed capital so employed and that such a tax is a violation of both the letter and the spirit of the restrictions imposed by the federal statute.

Very truly yours

BUTZEL, EAMEN, LONG, GUST AND KENNEDY

U. S. SAVINGS, LOAN GROUPS TRIPLE ASSETS

(Detroit Free Press)

October 10, 1955

CHICAGO—Assets of savings and loan associations have more than trebled since World War II, according to United States Savings and Loan League.

Assets have doubled in the past five years, the League said, and in 1954 alone, increased by \$4,500,000,000, or 18.2 per cent. At the year's end they totaled \$31,500,000,000.

Savings associations now are receiving a larger share [fol. 1313] of the liquid savings of the American public than any other type of financial institution, the league said.

Total savings deposits at the end of last year were \$27,300,000,000, a gain of 20 per cent over the total at the start of the year.

Savings associations also are the biggest single source of home mortgage funds, the league said, currently financing 36 per cent of all home purchases each year.

ASSETS GAIN 17 PERCENT

(Lansing State Journal)

August 26, 1955

The assets of Michigan savings and loan associations have increased more than 17 percent, or more than 129 million dollars during the past year, the Michigan Savings and Loan League reported Friday.

The assets of the savings and loan associations totaled more than 865 million dollars as of June 30, the league said.

The report said the savings and loan associations are a major source of home financing in the state, with loans on homes of more than 706 million dollars outstanding.

The increase of more than 110 million dollars in savings and the addition of 88,900 new accounts brought the total number of savers in savings and loan associations to 437,833. Approximately 16 million dollars in dividends on [fol. 1314] savings accounts were distributed during the year.

The reserve and surplus position of the associations was described as the strongest in their history, now being 8.26 percent of savings.

HOME MORTGAGE LOANS RECORDED IN MICHIGAN — 1954

(Source — Savings and Loan Fact Book for 1955)

Individuals and Others	\$320,254,000
Banks	249,093,000
Savings and Loans	211,454,000
Insurance Companies	102,942,000
Total	\$883,743,000

[fol. 1315]

LETTER LIMITING ISSUES

BUTZEL, EAMEN, LONG, GUST & KENNEDY
1881 National Bank Building
Detroit 26,

December 10, 1957

Honorable Fred M. Searl,
Circuit Judge,
Seventeenth Judicial Circuit,
Grand Rapids, Michigan.

Re: Michigan National Bank vs. Dept. of Revenue
Court of Claims No. 473

Dear Judge Searl:

We are in receipt of your letter of December 9, 1957, and wish to apologize for not having advised you previously of the status of this case.

• Since our last meeting we have been involved in a number of matters which in our view have materially simplified the issues and shortened the period of time which we anticipated the trial would take. We have reviewed under the Order of Discovery the tax returns of a number of institutions and individuals including those of insurance companies, credit unions, small loan companies, corporations, including finance and investment companies, as well as those of building and loan associations.

We have also been engaged in a review of the business activities of these various types of institutions and individuals.

[fol. 1316] As a result of this review, which has taken several months, we have reached the conclusion that we will confine our case to the competition which national banks face in this State with building and loan associations, both state and federal. In this connection we have already taken depositions of several federal savings and loan associations and have already scheduled depositions from certain state associations, one of which we will take this Friday.

We have also been in the process of preparing certain request for admission and interrogatories under the court rules, which we believe will greatly expedite the trial of this case if the Court orders that we are entitled to this type of discovery. With the conclusion of the depositions of the state associations and the interrogatories and request for admissions above mentioned, we believe that discovery will be substantially concluded so far as the plaintiff, Michigan National Bank, is concerned.

However, in view of the State's attitude towards the intervening plaintiffs, they must also, in our opinion, be given the opportunity to prove their competitive situation. To that end, we some time ago wrote each of the intervenors advising them of this fact. It has not yet been decided by them whether proof of their situation will be by deposition or testimony at the trial. This feature of the case I might add has considerably complicated our proceeding in that the intervenors are widely spread throughout the State and it has been necessary to deal with them primarily by correspondence.

It would be my feeling that if that when our depositions are completed and if we can secure the discovery which we believe we are entitled to by our request for admissions [fol. 1317] and interrogatories, that the case might be tried some time during the spring of 1958.

I am sure that you will appreciate that this has been a most difficult and complex case, further complicated by

the number of institutions involved. We feel that we have made real progress toward simplifying the issues and shortening the time of trial. If there is any further information which you desire, we will be more than happy to furnish it.

Very truly yours,

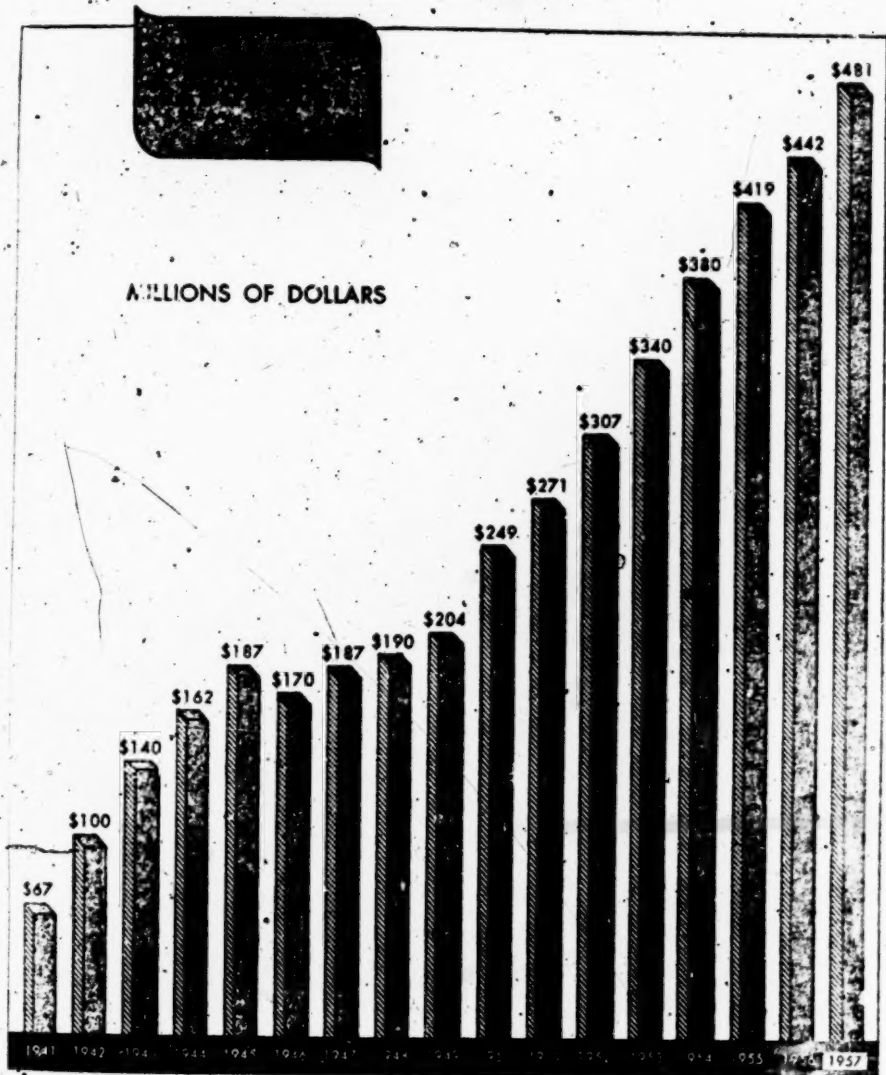
/s/ PHILIP T. VANZILE

38/ra

cc: Mr. William D. Dexter,
Assistant Attorney General,
300 Tussing Building,
Lansing, Michigan.

[fol. 1318]

APPELLEES' EXHIBIT 203-B



THIS FOLDER prepared by the Michigan Bankers Association makes clear the distinction between Banks and Savings and Loan Associations.

It is *factual*, not critical.

Many Associations have the appearance of Banks. As a result their true purpose is often misunderstood.

This confusion can be unfortunate for everyone concerned — Savings and Loan Associations, Banks and the public.



CHARTERED BANKERS ASSOCIATION

facts

about

the

DIFFERENCE

between

BANKS

and

Savings & Loan Associations

[fol. 1320]

Question Is there a difference between a Bank and a Savings and Loan Association?

Answer Yes, there is a very definite difference. A Savings and Loan Association is not a Bank. Michigan banks accept *deposits*. Savings and Loan Associations operating in Michigan accept *investment* in shares or share accounts. Bank depositors are *creditors*. Association members are *shareholders*.

Question What is the difference between interest paid on Bank savings accounts and dividends paid on Savings and Loan Association shares?

Answer Banks are required to declare in advance what interest rates they will pay. This *interest* is a *guaranteed* return on Bank savings accounts. Associations pay dividends on a "when and if declared" basis. When Associations advertise a certain percentage return, they are actually saying, "We paid this dividend for the past period, and we expect to pay it for the next."

Question How do Banks and Savings and Loan Associations differ on withdrawals?

Answer As creditors, Bank depositors make withdrawal requests to obtain repayment of their savings; as investors, Association members actually *apply for repurchase* of shares by Associations.

Banks, in most instances, pay withdrawal requests upon demand, and in all cases without extended delay. If Michigan banks request a delay as provided in their deposit contract, *they must pay all withdrawals for the full amount* at the expiration of the delay period. Otherwise, the Federal Deposit Insurance Corporation steps into member banks and makes depositor's funds available promptly.

Associations are not required to repurchase members' shares until 30 days after demand. If unable to repurchase at the end of 30 days, they may put all requests on a "take your turn" plan. Under this plan all withdrawals are filed and paid

in numerical order. If the value of a member's share is more than \$1,000.00, he may be paid \$1,000.00, if available, when his number is reached. The application is then renumbered and placed at the bottom of the list. When his number is again reached, the process is repeated. Associations must apply a minimum of either one-third or 80% (depending on how chartered) of their receipts to repurchase members' shares.

Question What difference is there in the liquidity of Banks and Savings and Loans Associations?

Answer Banks, because they must meet depositors' demands without extended delay, maintain much larger liquid reserves than do Associations. More than one-half of the total deposits of all Banks are in cash or United States Government securities. Savings and Loan Associations can not guarantee to pay on demand all requests for withdrawal of funds. Nearly all of the funds of members of Associations are loaned out with long term mortgages as security.

Question What is the difference between the Federal Deposit Insurance Corporation (FDIC) and the Federal Savings and Loan Insurance Corporation (FSLIC)?

Answer The Federal Deposit Insurance Corporation which insures Bank deposits, and the Federal Savings and Loan Insurance Corporation are both agencies of the United States Government. However, *the time when the legal obligation to pay becomes effective is not the same under the two agencies*. If insured banks are unable to meet the demands of their depositors, they will be closed and the Federal Deposit Insurance Corporation will make depositors' funds available promptly. If Associations are not able to repurchase members' shares, they can invoke their "take your turn" charter provision.

Only after insured Associations are finally declared "in default" is FSLIC legally obligated to pay. An Association is not "in default" so long as it applies a stipulated percentage of its receipts to the repurchase of share accounts in numerical order.

[fol. 1321]

APPELLEES' EXHIBIT 202

MICHIGAN NATIONAL BANK

(000.00 omitted)

STATEMENT OF CONDITION—December 31st

RESOURCES	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950
Cash	24,323	34,689	26,101	25,551	28,581	31,420	33,590	33,617	27,249	34,243
U.S. Sec.	14,022	36,040	78,251	98,422	113,199	68,011	70,767	66,651	77,694	84,743
Cash & Sec.	39,345	70,729	104,352	123,973	141,780	99,431	104,457	100,268	104,943	118,986
Oth. Sec.	2,452	515	252	165	165	180	253	210	270	270
Lo.—Gen.	7,777	9,550	11,219	13,611	13,804	21,549	22,239	22,545	20,422	24,153
Lo.—FHA Mt.	7,564	8,870	14,428	14,513	16,911	15,461	545	16,523	19,180	23,976
Lo.—Oth. Mt.	5,634	6,051	5,915	6,062	7,985	22,289	30,220	32,925	33,601	33,631
Lo.—Inst.	2,985	2,379	1,864	2,565	4,708	9,861	12,832	15,147	23,814	44,832
Total Lo.	23,960	26,850	33,426	36,741	43,108	69,160	80,537	87,140	96,417	126,592
Bk. Bldg.	1,496	1,518	1,451	1,406	1,379	1,479	1,717	2,347	2,776	2,714
Fu. & Equip.	184	258	248	251	274	225	450	637	693	688
Ac. In. Rec.	152	173	226	322	476	331	425	446	488	496
Oth. Assets	106	123	312	262	407	394	353	245	332	706
Oth. Ass.	1,938	2,072	2,237	2,241	2,535	2,529	2,945	3,675	4,289	4,604
Total Res.	67,601	100,166	140,267	163,120	187,588	171,300	188,222	191,293	205,959	250,452
LIABILITIES										
Fed. Fds.	118	4,732	23,986	34,119	40,451	7,888	2,955	5,899	6,729	6,985
St. Fds.	1,336	1,373	965	96	1,061	1,185	988	1,065	842	1,026
Co. Fds.	1,015	1,566	1,061	1,111	876	1,147	981	924	1,286	1,297
Civ. Fds.	3,148	3,546	3,767	3,636	4,049	7,042	5,700	6,464	5,191	7,756
Oth. Fds. Fds.	970	1,232	1,234	2,512	2,975	2,242	3,662	3,212	2,888	3,616
Pub. Fds.	6,587	12,449	31,042	41,666	48,542	19,504	13,666	17,594	16,936	20,590
Cash. Cks.	615	1,137	908	1,232	1,372	1,591	1,915	1,684	1,409	2,168
Tr. Fds.	1,220	2,102	1,735	1,641	1,773	2,198	1,950	1,845	1,902	3,250
Due Bkcs.	1,784	2,658	2,523	2,775	2,598	2,729	2,216	2,203	2,083	2,746
Comit. Dep.	28,441	48,249	63,253	63,592	68,215	72,135	83,108	80,522	85,838	108,184
Cuml. Dep.	38,647	66,890	99,461	110,907	122,500	98,457	102,875	103,798	108,168	136,928
Club Dep.	62	65	80	100	105	123	158	182	203	225
Time Cert.	4,943	768	822	1,310	1,537	1,745	2,041	6,000	14,250	22,139
Sav. Dep.	21,931	28,443	33,235	43,279	55,435	61,559	72,247	69,093	68,966	72,054
Sav. Dep.	23,036	27,276	34,137	44,689	57,077	63,427	74,436	75,285	83,419	94,418
Total Dep.	61,683	94,166	133,588	155,596	179,577	161,584	177,311	179,083	191,587	231,356
Ac. Bld. Am.	37	60	182	330	521	633	756	974	1,207	1,387
Ac. Div. Pfd.	20	19	19	19	13	13	15	15	15	15
Ac. Fed. Td.	90	80	215	330	320	576	408	531	462	1,017
Ac. Int. & Ex.	43	37	45	55	65	93	144	117	319	616
Unearn. Inc.	231	203	166	185	348	641	837	1,053	1,994	3,965
Oth. Liab.	1	1	1	1	66	80	222	126	133	273
Total O. L.	442	400	628	920	1,333	2,638	2,400	2,795	4,120	7,273
Pfd. St.	1,990	1,500	1,500	1,500	4,000	1,000	1,000	1,000	1,000	1,000
Com. St.	1,500	1,500	1,500	2,000	2,000	2,500	3,000	3,000	4,000	4,000
Surplus	1,500	2,000	2,000	2,000	2,500	2,500	3,000	3,000	4,000	4,000
Pr. & Res.	876	600	1,941	1,104	1,178	1,678	1,511	2,415	1,252	2,823
Cap. Fds.	5,478	5,600	6,041	6,604	6,678	7,678	8,511	9,415	10,252	11,823
Total Liab.	67,601	100,166	140,267	163,120	187,588	171,300	188,222	191,293	205,959	250,452

[fol. 1322]

MICHIGAN NATIONAL BANK

(000.00 omitted)

STATEMENT OF CONDITION—December 31st

RESOURCES	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Cash	40,305	46,162	52,398	48,985	53,294	60,539	60,480			
U. S. Secur.	93,181	109,140	122,261	139,727	132,521	135,219	138,834			
Other Secur.	270	300	330	390	390	887	1,731			
Cash & Secur.	133,756	155,602	174,989	189,102	186,005	196,645	201,154			
Loans—General	26,865	28,669	26,305	31,375	40,144	45,239	49,387			
Loans—FHA Mtg.	21,070	26,845	33,199	37,163	48,804	47,503	53,024			
Loans—Oth. Mtg.	33,374	34,852	34,183	39,120	44,240	46,834	54,730			
Loans—Instal.	52,623	57,809	66,959	75,589	90,801	96,775	111,963			
Total Loans	133,932	148,305	160,656	183,247	223,989	235,651	269,104			
Bank Bldgs.	2,895	2,993	3,079	4,651	5,997	6,581	6,645			
Furn. & Equip.	809	939	1,094	1,246	1,384	1,612	1,956			
Accr. Inc. Rec.	561	664	660	953	941	1,050	1,184			
Other Assets	0 537	645	1,022	1,108	958	949	981			
Other Assets	4,822	5,241	5,855	7,958	9,280	10,192	10,766			
Total Resour.	272,510	309,148	341,500	380,307	419,274	442,888	481,024			
LIABILITIES										
Federal Funds	6,299	9,083	8,681	8,179	7,040	6,190	7,787			
State Funds	796	668	662	802	1,219	1,236	2,309			
County Funds	1,414	1,787	1,483	1,537	1,429	1,298	1,517			
City Funds	7,184	6,337	7,033	6,785	9,175	6,790	6,882			
Oth. Pub. Funds	2,539	4,218	3,287	4,131	5,081	4,690	4,055			
Public Funds	18,122	22,093	21,146	21,434	23,944	20,204	22,550			
Cash, Checks	2,017	2,819	2,612	2,834	3,103	2,995	2,924			
Trust Funds	2,056	2,997	4,901	6,819	6,114	6,307	6,871			
Due to Banks	2,534	2,462	2,791	3,835	4,043	4,452	2,746			
Com'l Deps.	121,119	134,357	147,828	149,892	147,965	149,134	146,923			
Com'l Deps.	146,451	164,728	179,278	184,814	185,169	182,022	182,014			
Club Deposits	266	314	314	310	329	318	285			
Time Certif.	28,178	36,894	48,372	75,501	94,274	89,436	76,259			
Savgs. Deps.	74,514	80,681	86,452	88,424	101,248	128,992	176,180			
Savgs. Deps.	402,954	117,889	135,138	164,235	195,851	218,746	251,724			
Total Deps.	249,405	282,617	314,416	349,049	381,026	400,768	433,738			
Accs. Bd. Amor.	1,152	1,337	604	88	125	178	304			
Ac. Div. Pfd. St.	20									
Ac. Fed. Taxes	2,717	2,970	1,370	2,488	2,476	1,563	2,500			
Ac. Int. & Exp.	814	1,185	1,512	1,710	1,866	1,860	2,252			
Unearn. Inc.	5,441	6,713	7,417	8,552	12,061	14,137	15,737			
Other Liab.	144	295	18	49	856	28	3			
Other Liab.	9,718	11,600	10,921	12,721	16,634	17,410	20,188			
Pfd Stock	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
Com. Stock	4,000	5,000	5,000	6,000	6,000	7,500	7,500			
Surplus	4,990	5,000	5,000	6,000	6,000	7,500	7,500			
Prof. & Res.	4,387	3,931	5,163	5,537	8,620	8,516	11,038			
Capital Funds	13,387	14,931	16,163	18,587	21,620	24,510	27,098			
Total Liab.	272,510	309,148	341,500	380,307	419,274	442,888	481,024			

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[fol. 1323]

APPELLEES' EXHIBIT 4-A-1

December 15, 1952

Comptroller of the Currency
Washington, D. C.

Dear Sir:

Confirming our discussion with Examiner Mooney, who attended our Board Meeting on November 14, 1952, we are attaching an analysis relative to the adequacy of the bank's capital funds; also copies of our correspondence relative to this matter and our requests for branch offices covering the period 1950-1952.

We anticipate the capital funds of the bank will be \$15,000,000 as of December 31, 1952, and the "risk assets" approximately \$100,000,000. This would be a ratio of 1 to 6.6, and compares with a ratio of 1 to 7.4 for the corresponding figure a year ago.

Very truly yours

H. J. Stoddard
President

HJS:M

[fol. 1324]

ANALYSIS—RE ADEQUACY OF CAPITAL FUNDS
SEPTEMBER 30, 1952

ASSETS	Book	Requiring Some Degree of Capital Protection
Cash	49,316,000	—
U. S. Securities	131,087,000	—
Federal Reserve Stock	300,000	—
General Loans	26,833,000	24,216,000(a)
Mortgage Loans—FHA	25,204,000	—
Mortgage Loans—GI	10,757,000	5,378,000(b)
Mortgage Loans—Other	23,833,000	23,833,000
Installment Loans—FHA		
Title I	8,100,000	5,719,000(c)
Installment Loans—Mobile		
Homes	25,959,000	19,409,000(d)
Installment Loans—Other	24,842,000	22,866,000(e)
Bank Buildings	3,008,000	3,008,000
Furniture and Equipment	924,000	924,000
Accrued Interest	859,000	309,000(f)
Other Assets	618,000	—
	<u>331,640,000</u>	<u>105,662,000</u>

NOTE:

- (a) General Loans after deducting \$2,617,000 guaranteed by Federal Agencies.
- (b) GI Mortgages after deducting 50% guaranteed by Federal Government.
- (c) FHA Title I after deducting \$1,723,000 of Reserves and \$658,000 of interest collected but not earned.
- [fol. 1325] (d) Mobile Home Loans after deducting \$3,000,000 of cash reserves and \$3,550,000 of interest collected but not earned.
- (e) Other Instalment Loans after deducting \$1,976,000 of interest collected but not earned.
- (f) Accrued Interest after deducting \$550,000 on U. S. Securities.

COMMENT

A 20 year survey covering the period 1932-51 was made by the Federal Reserve Bank, and shows losses of banks in the Seventh Federal Reserve District averaged .7% with a high of 6.5% in 1933. Applying this extreme depression rate against risk assets of \$105,662,000, would give a maximum potential loss of \$6,868,000.

As a protection to depositors against such a contingency, the bank has as of this date \$14,483,000 of capital funds. In addition, the bank has a carry back tax credit to absorb losses of \$2,320,000.

The bank is currently showing an operating profit before taxes of \$5,300,000 annually. This is approximately double the average rate for all national banks, as is the estimated earning retention of \$2,000,000 annually after Federal taxes and dividends.

The net losses sustained by the bank since it was organized on January 1, 1941 are but \$274,000.

CONCLUSION

The Comptroller of the Currency in his Annual Report to Congress for the year 1951 states that his office, in [fol. 1326] determining whether or not a national bank is undercapitalized, studies the capital structure in relation to:

- (1) volume and character of assets involving some risk element
- (2) volume of assets with credit weaknesses that are unwarranted or greater than normal
- (3) ability and general policies of management
- (4) past record of losses
- (5) earning capacity, record of earnings retention in the past and prospects for future retention of earnings
- (6) economic stability of the area in which the bank is located

An analysis of the Michigan National Bank, which is supported by the attached exhibit clearly indicates that the bank has adequate capital funds for the protection of its depositors, and there is no factual basis to support the position either that the risk assets should be reduced, or the capital funds increased other than through retention of earnings.

DETAILED ANALYSIS BASED ON FACTORS
USED BY COMPTROLLER'S OFFICE

(1) *Volume and Character of Assets Involving Some Risk Element*

The examiner's report of February 25, 1952 lists but \$1,563,153 or 0.55% of the bank's assets as "Loans Especially Mentioned". (The Bank so classified only \$111,105). On September 30, 83% of the bank's loans were on a monthly payment basis, and delinquencies of 30 days or [fol.1327] more were but 1.17%, a very low ratio which indicates excellence in quality of loans. The percentage of monthly amortized loans is undoubtedly one of the highest of all banks. Experience has demonstrated that the safest bank loans are those on a monthly amortized basis.

(2) *Volume of Assets with Credit Weaknesses that are Unwarranted or Greater Than Normal*

The examiner's report of February 25, 1952 lists but \$708,806 or 0.38% of the bank's assets as "Substandard." The bank so classified only \$194,190).

(3) *Ability and General Policies of Management*

The bank's growth from resources of \$57,456,705 on January 1, 1941 to \$301,640,000 as of September 30, 1952, exclusive of Bills Payable, indicates satisfactory management and policies. In addition to the Central Board of Directors of 25 individuals, the bank's activities are also under the constant scrutiny of seven Local Boards comprising 68 active business men.

(4) *Past Record of Losses*

During the 12 year period, loans have been made in excess of 1 billion dollars and net losses to date are but \$273,945 or 0.03%: (See schedule attached).

(5) *Earning Capacity, Record of Earnings Retention in the Past and Prospects of Future Retention of Earnings*

The bank's record during the past 12 years is as follows:

[fol. 1328]

Earnings from Operations	\$22,585,620.75
Federal Income Taxes Paid and Accrued	8,758,359.69

Net Income	13,827,261.06
------------------	---------------

Dividends—Preferred Stock	437,594.04
—Common Stock	3,200,000.00
	3,637,594.04

Earnings Retained in the Business	10,189,667.02
Retirement—Preferred Stock	634,000.00

Net Increase in Capital Funds	\$ 9,555,667.02
-------------------------------------	-----------------

Capital Funds—January 1, 1941	5,134,000.00
—October 31, 1952	14,689,667.02

Net Increase in Capital Funds	\$ 9,555,667.02
-------------------------------------	-----------------

This record, so far as we have been able to determine, is unsurpassed by any national bank of similar size in the country. We anticipate future retention of earnings will continue on approximately the same basis as in the past.

(6) *Economic Stability of the Area in Which the Bank is Located*

The location of the banking offices in seven Michigan cities with a diversification of automobile manufacturing, chemicals, furniture, cereals, shipping, agriculture, state capital and trading centers, represents one of the most stable areas in the United States today.

[fol. 1329]

ANALYSIS—RE ADEQUACY OF CAPITAL FUNDS
DECEMBER 31, 1952

ASSETS	Book	Requiring Some Degree of Capital Protection
Cash	46,162,000	—
U. S. Securities	109,140,000	—
Federal Reserve Stock	300,000	—
General Loans	28,699,000	25,974,000(a)
Mortgage Loans—FHA	26,945,000	—
Mortgage Loans—GI	10,512,000	5,256,000(b)
Mortgage Loans—Other	24,340,000	24,340,000
Installment Loans—FHA		
Title I	8,317,000	6,657,000(c)
Installment Loans—Mobile		
Homes	22,689,000	16,789,000(d)
Installment Loans—Other	26,803,000	24,590,000(e)
Bank Buildings	2,993,000	2,993,000
Furniture and Equipment	939,000	939,000
Accrued Interest	664,000	271,000(f)
Other Assets	645,000	—
	<u>309,148,000</u>	<u>107,809,000</u>

NOTE:

- (a) General Loans after deducting \$2,725,000 guaranteed by Federal Agencies.
- (b) GI Mortgages after deducting 50% guaranteed by Federal Government.
- (c) FHA Title I after deducting \$960,000 of Reserves and \$700,000 of interest collected but not earned.
- [fol. 1330] (d) Mobile Home loans after deducting \$2,700,000 of cash reserves and \$3,200,000 of interest collected but not earned.
- (e) Other Installment Loans after deducting \$2,213,000 of interest collected but not earned.
- (f) Accrued Interest after deducting \$393,000 on U. S. Securities.

12-31-51 12-31-52

Ratio of Capital Funds to Risk Assets 1 to 7.4 1 to 7.2

[fol. 1331]

December 17, 1952

Mr. H. J. Chalfont, Vice President
Federal Reserve Bank of Chicago
Detroit, Michigan

Dear Harlan:

Responsive to our recent telephone conversation, the Board of Directors of this bank has for the past several months given serious consideration to the question of continuing our borrowings from the Federal Reserve Bank on Bills Payable, or selling \$20,000,000 on long term Government bonds.

This bank unfortunately will pay substantial excess profits tax this year. We could sell our long term Government bonds and our loss would be but 18%, with the balance of 82% as a reduction in our Federal taxes. We have been reluctant to take this action, however, as our bank since 1941 has never speculated in Government bonds, but purchased them solely on an investment basis. We have developed a staggered maturity portfolio, as shown by the attached statement, and it is our feeling that were other banks to follow a similar policy, the handling of the large Government debt by the Treasury would be greatly simplified. We have therefore concluded not to sell our long term Government bonds unless you wished us to discontinue our borrowings with your bank.

Although we have had a substantial deposit increase during the last 12 months, our loan account has likewise shown a marked increase. However, the Comptroller of the [fol. 1332] Currency is vigorously urging either that we increase our capital funds by the sale of new stock, or reduce our loans. We have decided against the first alternative, but to hold our loans at about the present level. Inasmuch as almost 1/3 of them constitute a non-risk type, we feel that the capital funds of \$15,000,000 in relation to risk assets of \$100,000,000 is not out of line.

Our present purpose, therefore, would be to hold our loans and investments at the present level, not sell our

long term Government bonds, and with the present trend should be able to retire our Bills Payable from increased deposits during 1953. If our deposits should not increase, we would still have some expiration of early maturities to accomplish the same result.

Cordially yours

H. J. Stoddard
President

December 19, 1950

Mr. R. N. Mackey
National Bank Examiner
164 West Jackson Blvd., Room 725
Chicago 4, Illinois

Dear Mr. Mackey:

Confirming the discussion of the Board of Directors meeting of the bank which you attended on Friday, December 15, it was the unanimous opinion of the Board, all of whom with one exception were present, that they would not [fol. 1333] recommend to the shareholders the sale of additional common stock, for the following reasons:

1. Our ratio of capital funds to deposits is equal to the average of all Michigan banks.
2. Our ratio of capital funds to loans is comparable to the national average if all of our Government guaranteed loans are excluded and allowance made for actual cash reserves. The computation should also include corporate and municipal bonds in the national average.
3. Our capital funds for the past ten years have been increasing at almost double the national rate, due to the bank's larger earnings, and also the fact that $\frac{2}{3}$ of the profits have been retained in the business.
4. Our net losses for ten years are but 240 thousand dollars on loans made in excess of 720 million, or only 3 hundredths of 1%.

5. The last report of examination shows a substandard classification of 8/10 of 1%. Our own analysis, after reviewing the report, gives a substandard classification of but 3/10 of 1%.
6. Almost 50% of the stock of this bank is owned by individuals in the highest tax bracket. A dividend of \$1.00 a share gives a return of but 3½% on a book value of \$30.00. The larger shareholders would thus be paying 80-90% of the dividend in Federal [fol. 1334] taxes, and actually receiving a net of 3/10 to 4/10 of 1% on their investment at book value.

Very truly yours

H. J. Stoddard
President

HJS:M

[fol. 1335]

TESTIMONY OF RUSSELL FAIRLES

CROSS EXAMINATION OF RUSSELL FAIRLES

October 20, 1958

p. 1308: *—

Q. * * * do you know the approximate total assets of all financial institutions and individuals employing their capital in some phase of the business conducted by your bank in the area that it had operated in 1952?

A. No.

Q. Do you have any way of knowing the total moneys lent in this area in 1952?

A. For what purpose?

Q. For all purposes.

A. You mean all types of loans?

Q. Yes.

A. No, I have no idea.

* Refers to pages of original transcript.

p. 1309:—

Q. As I understand it, the bank did do business in counties other than those counties?

A. We did.

Q. And in fact you did business in the states other than Michigan?

A. All over the United States.

[fol. 1336] Q. All over the United States?

A. Yes.

The Court: Mr. Dexter, does that imply that you had asked him whether he did do any mortgage business outside of the State of Michigan, real estate mortgages? The question is rather general and I want to be sure.

By Mr. Dexter:

Q. You did not loan moneys secured by real estate located outside of the State of Michigan, did you?

A. We did.

Q. You did?

A. Yes, we did.

p. 1310:—

Q. All right. You have testified that the Comptroller was criticizing your concentration in trailer paper.

Mr. Klein: If the Court please, I haven't objected before but what bearing does that have on the competition between the Michigan National Bank and the building and loan associations in the areas in which they do business? It is beyond me. I have not objected to anything because I wanted the Court to have the facts but this has been repeated and has no bearing at all upon the issues before this Court in this case.

I object to it.

The Court: And to go back a little, I don't recall that he testified that the Comptroller as the head of the department [fol. 1337] ever criticized. I thought he said that the bank examiners that came criticized?

Am I wrong in my memory on that?

By Mr. Dexter:

Q. I believe there was actual correspondence between the Michigan National Bank and the Comptroller in this regard, regarding this concentration of trailer paper in 1952, was there not?

A. I imagine there was.

p. 1311:—

By Mr. Dexter:

Q. As relative to this, Mr. Fairles, did you borrow from the Federal Reserve System in 1952?

A. I have no record here. We buy and sell Federal funds all the time, and I don't know whether in 1952

p. 1312:—

we were selling all the time or whether we didn't buy or borrow.

Q. Did this problem that we have referred to with the comptroller of the currency have anything to do with the fact that you had borrowed \$30,000,000 from them in 1952?

A. No. That is just ordinary fluctuations. Sometimes we sell as much as 35 million in one day, and sometimes occasionally we borrow. Ordinarily we have it that we sell Federal funds much more than we borrow.

Q. I would like to show you correspondence in your [fol. 1338] monthly reports to directors in 1952 and ask you if that refreshes your memory in regard to the particular problem we are talking about?

A. They are letters between the bank and the Federal Reserve.

Q. What would those letters indicate that the problem was that they were concerned with?

A. They were concerned with the consistency apparently of the borrowing at that time.

Q. Would they be concerned also with that consistency as it related to the \$30,000,000 that they were owed at that time and the concentration of your assets?

A. No, they wouldn't.

Q. Now, I would like to read into the record and then show you a matter of December 15, 1952.

Mr. Klein: You want to mark it an exhibit?

p. 1313:—

Mr. Dexter: This is already marked, your Honor, Exhibit 4A-1, offered into evidence by the plaintiff, and we would withdraw any objection to the admissibility of this exhibit.

Mr. Klein: You mean to the whole exhibit, not just that one letter?

Mr. Dexter: Yes.

(Reading)

[fol. 1339] "Comptroller of the Currency
"Washington, D.C.

"Dear Sir:

"Confirming our discussion with Examiner Mooney who attended our board meeting on November 14, 1952, we are attaching an analysis relative to the adequacy of the bank's capital funds, also copies of our correspondence relative to this matter and our request for branch offices covering the period 1950-1952.

"We anticipate the capital funds of the bank will be \$15,000,000 as of December 31, 1952, and the 'risk assets' approximately \$100,000,000. This would be a ratio of one to 6.6, and compares with the ratio one to 7.4 for the corresponding figure a year ago."

Signed, "Very Truly Yours, H. J. Stoddard, President."

And part 1 on page 1 of the enclosure of that letter

p. 1314:—

is the following from a sheet entitled, "Analysis re Adequacy of Capital Funds September 30, 1952," and I read the paragraph on the bottom of that sheet:

"An analysis of the Michigan National Bank, which is supported by the attached exhibit, clearly indicates

that the bank has adequate capital funds for the protection of its depositors, and there is no factor basis to support the position either that the risk asset should be reduced, or the capital funds increased other than through retention of earnings."

[fol. 1340] The Court: Mr. Dexter, does the analysis there have a definition of what is meant by risk assets?

Mr. Dexter: Yes, your Honor.

The Court: It doesn't help me unless I know what they are talking about.

Mr. Dexter: (Examining exhibit) Apparently, your Honor, there is no definition of the term.

The Court: We don't know what they mean. Do we know what they are complaining about, whether they are having too many mortgages or not?

p. 1315:—

Mr. Dexter: I think that possibly, your Honor, the notes and the balance sheet or sheets submitted by the bank indicate generally what they were talking about, and there they have got a classification of their loans.

I think, your Honor, that this analysis sheet re adequacy of capital funds of September 30, 1952, and the detailed analysis based on factors used by the Comptroller's office indicate that the references are to the loan business of the bank as compared to the Governments and cash and etc. position.

Mr. Klein: That's your conclusion, isn't it?

Mr. Dexter: That's right. Now, I state that as a conclusion, Mr. Klein, and I will have those pages specifically reproduced and put in as part of the record.

[fol. 1341] The Court: I remember seeing that particular exhibit. Did that come in in connection with some deposition here sometime?

Mr. Dexter: Over at the—

The Court (interposing): In the Michigan National office?

Mr. Dexter: The building they tore down.

The Court: I see. Very well. I remember there were

a number of books that came in at that time. I remember they went back as far as No. 4.

Mr. Barbour: This was 4-A, wasn't it?

p. 1316:—

The Court: Yes, you are right. Exhibit 4-A, two bound volumes of records, two boxes of microfilm, and so forth. Very well.

Mr. Dexter: And I would like to draw the Court's attention to the fact, too, that the reference here indicates that the bank, by its own admission, says, "We have enough capital in 1952."

By Mr. Dexter:

Q. And I might ask Mr. Fairles, what is a good definition as a National bank of "risk assets"?

A. Well, we consider all assets risk assets in preparing these various schedules that are not either direct obligations of the U. S. Government or guaranteed by some instrumentality of the U. S. Government.

[fol. 1342] Q. So risk assets would include the conventional mortgage loans, for example?

A. It would.

Q. It would include the various installment paper that you have that was not guaranteed by the Government?

A. With the exception of FHA Title I improvement loans.

Q. Do you believe, Mr. Fairles, that the Comptroller, when he used the word "concentration," was talking about geographical concentration?

A. I think so.

Q. You mean he was talking about geographical concentration when he was talking about your bank's concentration in the trailer paper in 1952?

p. 1317:—

A. I believe so.

Q. Well, where was your trailer paper concentrated in 1952? Wasn't it all over the United States?

A. It was all over the United States.

Q. Well, how could that be a concentration in area, then?

A. That is what we argued with him, that it wasn't a concentration?

Q. But that was not his reference then, was it?

A. Well, he didn't have any basis of any kind of concentration at all, the way we figured it. There was not any concentration so far as the type of employment was concerned. There was not any concentration as far as area was concerned. There was not any concentration as far as level of income was concerned. So we feel that there was not any basis for any kind of a concentration at all.

Q. But his problem that he was confronting you with was concentration of the assets of the Michigan National in 1952 in trailer paper, wasn't it, Mr. Fairles?

A. That is what he said.

Q. That was his contention, so he meant that by "concentration"?

A. Well, I don't know that he ever defines what he means by "concentration" in any of the reports he has given us.

Q. But that was the fact of concentration in 1952, was the amount of your assets in trailer paper, right?

p. 1318:—

A. It may have been. I don't know what he is thinking.

Q. In any event, the bank did tell the Comptroller that they had enough capital in 1952, right?

A. That is right.

Q. And that was a true statement?

A. It was.

Michigan Supreme Court Opinion
358 Michigan 611
February 25, 1960

[614] KELLY, J. Plaintiff's action to recover a 1952 deficiency intangibles tax assessment in the amount of \$49,929.27 resulted in judgment of no cause of action.

This appeal presents the question of whether CLS 1956, § 205.132a (Stat Ann 1957 Cum Supp § 7.556 [2a]), imposing a tax on bank shares, is invalid because it violates section 5219 of the Revised Statutes of the United States (12 USCA, § 548).

In 1953 (PA 1953, No 9) the legislature amended the intangibles tax law so as to place both State and national banks in a special and more heavily taxed category, imposing a tax on bank shares at the rate of $5\frac{1}{2}$ mills (\$5.50 per \$1,000) "on the privilege of ownership of each * * * share of stock" based on the "capital account" of each bank. "Capital account" was defined to be the "capital, surplus and undivided profits" as shown on the latest annual report for each year—in this case as of December 31, 1952.

Appellant's position is set forth in its brief as follows:

"This is not a case of tax avoidance or claimed immunity by appellant. * * * The singularly important and impelling object of this case is to assure tax equality with competitors. The powerful and rapidly growing savings and loan associations (or their shareholders) should be taxed at the same rate as shares in national banks in Michigan, as required under RS § 5219—regardless of what that rate may be."

The validity of the tax imposed under PA 1953, No 9, must rest upon the grant of congressional authority contained in 12 USCA, § 548 (RS § 5219), whereby congress conferred upon the States the power to tax national bank shares, providing that:

Michigan Supreme Court Opinion

[615] "The several States may (1) tax said shares * * * provided the following conditions are complied with: * * *

"(b) In the case of a tax on said shares the tax imposed shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State coming into competition with the business of national banks; *Provided*, That bonds, notes, or other evidences of indebtedness in the hands of individual citizens not employed or engaged in the banking or investment business and representing merely personal investments not made in competition with such business, shall not be deemed moneyed capital within the meaning of this section."

Five intervening national banks asserted that they had similarly paid the 1952 tax under protest and sought to recover the amount so paid. The court, however, confined the proofs to the plaintiff, Michigan National Bank, and adjudicated only plaintiff's case.

The Michigan Bankers Association took a contra view to that of appellant, as is disclosed by the following from the trial court's opinion:

"The Michigan Bankers Association (representing both State and national banks) has been permitted to file a brief as *amicus curiae* in which it states the position of its members in these words:

"The Michigan Bankers Association has followed the trial of this case and requested permission to file this brief because of its conviction that the present system of the State of Michigan for the taxation of banks is reasonable from the viewpoint of the public, equitable from the viewpoint of the competitors, and practical from the viewpoint of the banks themselves. Actual experience with the taxation system shows that it has produced a reasonable amount of revenue to the State; that it has not created any competitive disadvantage among the various types of institutions; [616] and that it has proven to be simple to administer. Such a system is obviously desirable, and this association, believing the

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system to be entirely legal within the limitations of the Federal Constitution and statutes, does not want to see it destroyed.'

"And their counsel takes substantially the same position upon the several questions presented as does the attorney general on behalf of the Defendants."

Plaintiff has its principal banking office in the city of Lansing. It carries on a banking business in that city and in the cities of Battle Creek, Flint, Grand Rapids, Marshall, Port Huron, and Saginaw. In these cities there are 16 building/savings and loan associations.

Appellant was incorporated in 1941, and from December, 1941, to December 31, 1957, appellant had grown in total resources from about \$68,000,000 to approximately \$481,000,000, without the issuance of any additional common stock except stock dividends.

The transcript of testimony amounted to thousands of pages and hundreds of exhibits were introduced. The printed appendices and briefs consist of more than 1,650 pages.

Plaintiff offered testimony of officers of the loan associations and of plaintiff bank as to the claimed existence of mortgage loan competition between the 2 types of institutions, contending that:

"The *only* important questions are whether the capital employed by savings and loan associations in competition with national banks is substantial compared to the latter's capitalization and whether the residential mortgage loan business is a substantial phase of the business of national banks."

Plaintiff introduced proof in regard to the growth of savings and loan associations to the effect that in 1900 the associations were composed of poor people who had banded themselves together in neighborhood [617] groups, obligating themselves to set aside small weekly savings in order that they might mutually enable other savings members to borrow

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to build small homes; that banking facilities were not available to such groups, as national banks had at that time no authority to accept savings accounts nor to engage in the home mortgage loan business; that the associations of today are Statewide and nationwide in operation and their moneyed capital is no longer obtained from nor loaned to the poorer class; that in 1900 the total assets of all associations in Michigan were only slightly over \$10,000,000, but by 1952 these assets had increased to over \$537,000,000.

Plaintiff also introduced proof that the loaning of money on the basis of mortgages secured by residential real estate, was a substantial phase of its business; that as of December 31, 1952, appellant held aggregate real-estate loans of \$62,000,000 and, in addition, had outstanding unsecured loans of approximately \$8,000,000 for repair and modernization of residential property; that these loans amounted to approximately 22% of the total assets of appellant bank (\$305,802,000); that as of that date the loans secured by mortgages on residential real estate were of the following types: FHA, approximately \$27,000,000; VA, \$9,000,000; and conventionals, \$15,000,000.

Appellant disclosed, by the public records of the register of deeds office in each of the 6 counties where plaintiff's banks were located, that during the year 1952, 2,934 mortgages were recorded by appellant, totalling \$23,089,907.33, of which approximately \$18,600,000 represented residential real estate loans; and that in the same counties in 1952 the records disclosed that the 16 savings and loan associations recorded 6,498 mortgages totalling \$35,575,546.27, some of which, however, were secured by commercial property.

[618] Defendants summarize their position as follows:

"In the last analysis, savings and loan associations cannot be in 'substantial competition with the business of national banks' because they cannot and do not engage sufficiently in the activities characteristically carried

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on by the national banks. Stated another way, if they are not comparable institutions in substance, how can they be in substantial competition?"

To substantiate their position, defendants offered proof showing:

(1) While appellant engaged in all activities permitted national banking associations, including the ability to create checkbook money and receive time, savings, and demand deposits, savings and loan associations were able to engage solely in the narrow activity of making first mortgage loans secured by residential properties (with minor exceptions) or loans on the security of its savings shares accounts.

(2) During 1952 the 16 savings and loan associations doing business in the same cities as appellant bank made total commercial loans secured by business properties amounting to \$293,000—.9 of 1% of their total real-estate loans, or about 1/4 of 1% of their total assets. Appellant bank made such loans in the approximate amount of \$8,000,000, which constituted 13% of its total real-estate loans and was in excess of 2½% of its total assets. Of loans made by the savings and loan associations, practically all—99.1%—were secured by residential real estate, while only 87% of appellant's mortgage loans were so secured. Of these 87%, 70% or 7/10 were guaranteed by the Federal government as FHA and VA loans. Therefore, only 25% of appellant's mortgages were conventional residential nonbusiness mortgages; 60% were guaranteed FHA and VA [619] mortgages; and 13% were mortgages on commercial property. The 16 associations, on the other hand, carried FHA and VA loans amounting to only 19% of total loans, conventional residential nonbusiness loans amounting to 79.963% of their total loans, and mortgages on commercial property being practically nil.

(3) The total loan activities engaged in by the institutions illustrate different objectives. Only 42% of appellant bank's

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total loans were secured by real estate, while 58% were not so secured. All of the associations' loans were secured by real estate.

(4) About 20% of appellant's total assets were employed in mortgage loans and approximately 23% of its interest income was received from mortgage loans. In the loan field, appellant's instalment loans, unsecured by real estate, were the most profitable. Here appellant received approximately 45% of its total interest income from the employment of approximately 19% of its total assets.

(5) In 1952 appellant had total deposits of some \$283,000,000, classified into approximately \$165,000,000 of commercial deposits (including \$22,000,000 of public funds) upon which no interest was paid to the depositors, approximately \$37,000,000 in time certificates, and approximately \$81,000,000 in savings deposits. In 1952 all the funds it had to loan were from deposits. Appellant used all of its funds—capital, surplus, undivided profits, reserves, and deposits, for the operation of its business. It cannot allocate or trace any dollar of its capital account to any particular mortgage or loan business. The savings and loan associations of Michigan cannot accept deposits, and, therefore, had none.

The court justified its finding of no cause of action by stating its conclusions as follows:

[620] "1. Since 1887, the courts have consistently held in every case squarely involving the question that the State may exempt or prefer on the ground of public policy mutual savings bank and other like institutions, provided such exemption is based on just reason and is not made for the hostile purpose of an unfriendly discrimination with national banks.

"2. That the power of the State to make such exemptions on the ground of public policy is an important one, grounded in history and on precedent. The intention of congress to destroy it should not be lightly inferred.

"3. The 1923 and 1926 amendments to section 5219

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and the amendments to the Federal reserve act broadening the powers of the national banks were not intended to take from the State such long established and well-recognized power.

"4. That from their beginnings and continuously throughout their history, building and loan associations have been similar in character and purpose to and of the same general class of mutual thrift and home financing institutions as mutual savings banks.

"5. That congress in the home owners loan act of 1933 definitely recognized and approved such classification of savings/building and loan associations and the propriety of different tax treatments of banks and such associations and in effect, said that money invested in such associations is not moneyed capital in competition with the business of national banks.

"6. That Michigan's tax treatment of savings/building and loan associations is based upon just cause and does not evidence an intent to create or foster a hostile or unfriendly discrimination against national banks."

The general rule of partial exemption under RS § 5219 has been well established, as is disclosed by the following decisions:

Hepburn v. School Directors, 23 Wall (90 US) 480, 485 (23 L ed 112):

[621] "It could not have been the intention of congress to exempt bank shares from taxation because some moneyed capital was exempt. Certainly there is no presumption in favor of such an intention. To have effect it must be manifest. The affirmative of the proposition rests upon him who asserts it."

Adams v. Nashville, 95 US 19, 22 (24 L ed 369), in holding that an exemption of investments in municipal bonds did not violate RS § 5219, the court held:

"The act of congress was not intended to curtail the State power on the subject of taxation. It simply required that capital invested in national banks should not be taxed

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at a greater rate than like property similarly invested. It was not intended to cut off the power to exempt particular kinds of property, if the legislature chose to do so. * * * The discretionary power of the legislature of the States over all these subjects remains as it was before the act of congress of June, 1864. The plain intention of that statute was to protect the corporations formed under its authority from unfriendly discrimination by the States in the exercise of their taxing power."

Boyer v. Boyer, 113 US 689, 693 (5 S Ct 706, 28 L ed 1089), the court in concluding that the Pennsylvania statute was inconsistent with RS § 5219 distinguished *Hepburn v. School Directors*, *supra*, stating:

"What the court had to decide, and all that it did decide, was whether the exemption from local taxation, of mortgages, judgments, recognizances, and money due upon agreements for the sale of real estate, in the hands of individuals, was a partial exemption only; that is, whether it was so substantial in its nature and operation as to affect the integrity of the general assessment for local purposes. * * * That case is authority for the proposition that a *partial* exemption by a State, for local purposes, of moneyed capital in the hands of individual citizens does not, [622] of itself and without reference to the aggregate amount of moneyed capital not so exempted, establish the right to a similar exemption in favor of national bank shares held by persons within the same jurisdiction."

Mercantile Bank v. New York, 121 US 138 (7 S Ct 826, 30 L ed 895). This case is recognized as an important one in interpreting RS § 5219. The court relied upon *Hepburn v. School Directors*, *supra*, and in determining that for public policy reasons section 5219 was not violated by State exemptions, the court held (pp 145, 146, 161):

"The proposition which the appellant seeks to establish is, that the State of New York, in seeking to tax national bank shares, has not complied with the condition contained in section 5219 of the Revised Statutes * * * in that, it has by its legislation expressly exempted from

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all taxes in the hands of the individual citizens numerous species of moneyed capital, aggregating in actual value the sum of \$1,686,000,000, whilst it has by its laws subjected national bank shares in the hands of individual holders thereof (aggregating a par value of \$83,000,000), and State bank shares (having a like value of \$22,815,700), to taxation upon their full actual value, less only a proportionate amount of the real estate owned by the bank. This exemption, it is claimed, is of a 'very material part relatively' of the whole, and renders the taxation of national bank shares void. * * *

"The only limitation, upon deliberate reflection, we now think it necessary to add, is that these exemptions should be founded upon just reason, and not operate as an unfriendly discrimination against investments in national bank shares. However large, therefore, may be the amount of moneyed capital in the hands of individuals, in the shape of deposits in savings banks as now organized, which the policy of the State exempts from taxation for its own purposes, that exemption cannot affect the rule for the [623] taxation of shares in national banks, provided they are taxed at a rate not greater than other moneyed capital in the hands of individual citizens otherwise subject to taxation."

Tax exemption or preferential tax treatment has been applied to mutual savings banks and savings and loan associations, as is disclosed by the following cases:

Mercantile Bank v. New York, 121 US 138, 160 (7 S Ct 826, 30 L ed 895), in construing RS § 5219 and justifying exemptions granted to savings banks, the court said (pp 160, 161):

"It cannot be denied that these deposits constitute moneyed capital in the hands of individuals within the terms of any definition which can be given to that phrase; but we are equally clear that they are not within the meaning of the act of congress in such a sense as to require that, if they are exempted from taxation, shares of stock in national banks must thereby also be exempted from taxation. No one can suppose for a moment that

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savings banks come into any possible competition with national banks of the United States. They are what their name indicates, banks of deposit for the accumulation of small savings belonging to the industrious and thrifty. To promote their growth and progress is the obvious interest and manifest policy of the State. Their multiplication cannot in any sense injuriously affect any legitimate enterprise in the community. We have already seen that by previous decisions of this court it has been declared that 'it could not have been the intention of congress to exempt bank shares from taxation because some moneyed capital was exempt;' *Hepburn v. School Directors*, 23 Wall (90 US) 480 (23 L ed 112); and that 'the act of congress was not intended to curtail the State power on the subject of taxation. It simply required that capital invested in national banks should not be taxed at a greater rate than like property similarly invested. [624] It was not intended to cut off the power to exempt particular kinds of property, if the legislature chose to do so.' *Adams v. Nashville*, 95 US 19 (24 L ed 369)."

Davenport Bank v. Davenport Board of Equalization, 123 US 83, 86 (8 S Ct 73, 31 L ed 94), in upholding exemptions of savings banks, the court again held:

"The whole subject has been recently considered by this court in the case of *Mercantile Bank v. New York*, 121 US 138 (7 S Ct 826, 30 L ed 895). In that opinion it was held that, while the deposits in the savings banks of New York constituted moneyed capital in the hands of individuals, yet it was clear that they were not within the meaning of the act of congress in such a sense as to require that because they were exempted from taxation the shares of stock in national banks must also be exempted. The reason given for this is that the institutions generally established under that name are intended for the deposits of the small savings and accumulations of the industrious and thrifty; that to promote their growth and progress is the obvious interest and manifest policy of the State; and, as was said in *Hepburn v. School Directors*, 23 Wall (90 US) 480 (23 L ed 112), it could not have been the intention of congress to exempt bank

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shares from taxation because some moneyed capital was exempt."

Bank of Redemption v. Boston, 125 US 60 (8 S Ct 772, 31 L ed 689). Counsel urged that there was such a marked difference between the Massachusetts and the New York mutual savings banks, the *Mercantile Bank Case*, *supra*, would not apply. In disposing of this contention, the court therein stated (pp 66-68) :

"The tax on savings banks is based upon deposits merely. This is because deposits furnish the only [625] capital which is invested and employed. The institutions themselves, although corporations, have no capital stock, and are managed by trustees, not selected by the depositors, but by public authority. The whole amount of the deposits, with the exceptions noted, are subjected to a tax of 1/2 of 1%. On the other hand, the national banks pay a tax assessed upon the market value of the shares as personal property, upon a valuation and at a rate exactly equal to that of all other personal property subject to taxation in the State. But shares of the national banks, while they constitute the capital stock of the corporations, do not represent the whole amount of the capital actually employed by them. They have deposits, too, shown in the present record to amount, in Massachusetts, to \$132,042,332. The banks are not assessed for taxation on any part of these, although these deposits constitute a large part of the actual capital profitably employed by the banks in the conduct of their banking business. But it is not necessary to establish the exact equality in result of the 2 modes of taxation. The question of the exemption from taxation of deposits in savings banks, as affecting the rule for the State taxation of national bank shares, was very deliberately considered by this court in the case of *Mercantile Bank v. New York*, 121 US 138, 160 (7 S Ct 826, 30 L ed 895) ; and the conclusion reached in that case was reaffirmed in the case of *Davenport Bank v. Davenport Board of Equalization*, 123 US 83 (8 S Ct 73, 31 L ed 94). * * *

"It is impossible, in our judgment, to distinguish the present from the case of the New York savings banks,

or of those of Iowa considered in the case of the Davenport Bank. * * *

"It is alleged that in Massachusetts savings banks are permitted to transact a banking business in the way of loans upon personal securities, which assimilates them more closely to national banks, and takes away the reason for the application of the rule to them which was applied to the case of the savings banks of New York. But the difference [626] mentioned, if it exists at all, is immaterial; the main purpose and chief object of savings banks, as organized under the laws of Massachusetts, are the same as those in New York, as considered in the case of the Mercantile Bank. They are substantially institutions, under public management, in pursuance of a great and beneficial public policy, organized for the purpose of investing the savings of small depositors, and not as banking institutions in the commercial sense of that phrase. We adhere to the rule as declared in the cases heretofore decided, which forecloses further discussion."

Aberdeen Bank v. Chehalis County, 166 US 440, 460, 461 (17 S Ct 629, 41 L ed 1069). The court reaffirmed the 3 cases cited above, with emphasis on the *Mercantile Bank* decision, and stated:

"As to savings banks it was held that, though it could not be denied that their deposits constituted moneyed capital in the hands of individuals, yet it was clear that they were not within the meaning of the act of congress in such a sense as to require that, if they are exempted from taxation, shares of stock in national banks must also be exempted; that it was part of the policy of the State to encourage the accumulation of small savings belonging to the industrious and thrifty, and it was within the reasonable exercise of the power of the State to exempt particular kinds of property. * * *

"The conclusions to be deduced from these decisions are that money invested in corporations or in individual enterprises that carry on the business of railroads, of manufacturing enterprises, mining investments, and investments in mortgages, does not come into competi-

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tion with the business of national banks, and is not therefore within the meaning of the act of congress; that such stocks as those in insurance companies may be legitimately taxed on income instead of on value, because such companies are not competitors for business with national banks; and that exemptions, however large, of deposits in [627] savings banks, or of moneys belonging to charitable institutions, if exempted for reasons of public policy and not as an unfriendly discrimination against investments in national bank shares, should not be regarded as forbidden by section 5219 of the Revised Statutes of the United States."

First National Bank of Wellington v. Chapman, 173 US 205, 214 (19 S Ct 407, 43 L ed 669) :

"The result seems to be that the term 'moneyed capital,' as used in the Federal statute, does not include capital which does not come into competition with the business of national banks, and that exemptions from taxation, however large, such as deposits in savings banks or moneys belonging to charitable institutions, which are exempted for reasons of public policy and not as an unfriendly discrimination as against investments in national bank shares, cannot be regarded as forbidden by the Federal statute."

The approval of the supreme court of the United States of partial exemptions of mutual savings bank also applies to savings and loan associations, as shown by the following decisions:

Mercantile National Bank of Cleveland v. Hubbard (ND Ohio) 98 F 465, 471. Judge Taft wrote the opinion and clearly differentiated between national banks and building and loan associations, stating:

"There is proof of the capital in savings banks, and also of the capital invested in building and loan associations; but, under the decision of *Mercantile Bank v. New York*, 121 US 138 (7 S Ct 826, 30 L ed 895), capital invested in savings banks cannot be regarded as moneyed capital, within the meaning of section 5219, exemption

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of which from taxation can constitute a discrimination within the inhibition of that section. It seems to me that building associations are certainly not to be differentiated in their purpose or object, or practical effect, from savings [628] banks, and that the capital invested in them, though subject to a somewhat different rule of taxation, cannot be regarded as moneyed capital in competition with the moneyed capital in national banks, any more than is capital invested in savings banks. The chief object of building associations is to encourage the building of small houses by poor people, and the saving from their earnings, week by week, of an amount sufficient to pay the mortgage debts incurred in the purchase of the land and the construction of the house. The mere fact that every shareholder in a building association need not be a borrower cannot, I think, change the effect of the general purpose of the building association law."

This case was reversed by the circuit court of appeals in *Mercantile National Bank of Cleveland v. Hubbard* (CCA 6), 105 F 809. Upon remand injunction issued in *Mercantile National Bank of Cleveland v. Lander* (ND Ohio), 109 F 21. Appeal to the supreme court of the United States resulted in reversal (*Lander v. Mercantile Bank*, 186 US 458 [22 S Ct 908, 46 L ed 1 247]), with specific direction to reverse the circuit court of appeals and affirm the judgment of the circuit court.

In *Hoenig v. Huntington National Bank of Columbus* (1932) (CAA 6), 59 F2d 479, 482, certiorari denied 287 US 648 (53 S Ct 93, 77 L ed 560), it was said:

"It is insisted, however, that the present day building association is a very different type of institution from the 'small, neighborhood, mutual associations of Judge Taft's time,' and emphasis is laid upon the construction of offices in similitude to those of banks, the competition for deposits, the payment of deposits on demand, and the making of loans upon collateral security. We do not think that the general nature of the business of building associations has so far changed as to make the law established by the above-cited cases inapplicable.

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Compare *United States* [629] v. *Cambridge Loan & Building Co.*, 278 US 55 (49 S Ct 39, 73 L ed 180). The chief purpose of these institutions is still "to encourage the building of small houses by poor people, and the saving from their earnings, week by week, of an amount sufficient to pay the mortgage debts incurred in the purchase of the land and the construction of the house." *Mercantile National Bank v. Hubbard* (ND Ohio), 98 F 465, 471."

An examination of the record in the *Hoenig Case* discloses:

1. The assets of the savings and loan associations in Ohio in 1926 were approximately equal to the total assets of all national banks in Ohio; while in 1952 the assets of all savings and loan associations in Michigan constituted less than 15% of the total assets of national banks in Michigan; and
2. The assets of savings and loan associations in Ohio in 1926 were approximately double the total assets of such associations in Michigan in 1952.

Keeping in mind inflation and change in the general status of our economy, the record in the *Hoenig Case* showed that the average investment in the Ohio associations was about \$500 compared to approximately \$1,500 in Michigan in 1952, and the average outstanding loan was \$2,806 in 1926, at the time the *Hoenig Case* was decided, while the average outstanding loan of Michigan associations in 1952 was \$4,872.

The home owners' loan act was enacted by congress in 1933 (ch 64, §§ 1-9, 48 Stat 128 [12 USCA, §§ 1461-1468, inclusive, as amended]). The purpose of the act is set forth in section 5 (12 USCA, § 1464, as amended) as follows:

"(a) In order to provide local mutual thrift institutions in which people may invest their funds and in order to provide for the financing of homes, the board is authorized, under such rules and regulations [630] as it may prescribe, to provide for the organization, incorporation, examination, operation, and regulation of associations to be known as 'federal savings and loan

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associations, and to issue charters therefor, giving primary consideration to the best practices of local mutual thrift and home-financing institutions in the United States."

In determining States' rights to tax such associations, congress provided in the same section :

"(h) Such associations, including their franchises, capital, reserves, and surplus, and their loans and income, shall be exempt from all taxation now or hereafter imposed by the United States (except the taxes imposed by sections 1410 and 1600 of title 26 with respect to wages paid after December 31, 1939, for employment after such date, and except, in the case of taxable years beginning after December 31, 1951, income, war-profits, and excess-profits taxes), and all shares of such associations shall be exempt both as to their value and the income therefrom from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States; and no State, territorial, county, municipal, or local taxing authority shall impose any tax on such associations or their franchise, capital, reserves, surplus, loans, or income greater than that imposed by such authority on other similar local mutual or cooperative thrift and home financing institutions."

The trial court commented upon congressional action disclosing that congress did not consider savings and loan associations to be in competition with either State or national banks, and in its opinion said :

"In providing for the taxation of these institutions by the State, congress could have made the measuring stick, the limit on the rate of taxation, that imposed on national banks, also a creation of congress. It could have made such measuring stick the rate imposed by the States on State banks and [631] it could have made it that imposed on other moneyed capital. It did none of these things. Instead, it provided that the tax imposed should not be greater than that imposed on other similar local mutual or cooperative thrift and home financing institutions."

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"Congress thus identified the institutions that it considered to be in competition with Federal savings and loan associations. Obviously, congress did not consider savings and loan associations to be in competition with banks, either State or national."

The home owners' loan act of 1933 provision markedly differs with the provision in regard to States' rights to tax joint-stock land banks (act of congress July 17, 1916, ch 245, § 26, 39 Stat 380) where congress provided:

"Nothing herein shall prevent the shares in any joint stock land bank from being included in the valuation of the personal property of the owner or holder of such shares, in assessing taxes imposed by authority of the State within which the bank is located; but such assessment and taxation shall be in manner and subject to the conditions and limitations contained in section 5219 of the Revised Statutes with reference to the shares of national banking associations."*

The congressional provision for national agricultural credit corporations (act of congress March 4, 1923, ch 252, title 2, § 211, 42 Stat 1469) also provided a different test for State taxation than congress provided for Federal savings and loan associations, as is disclosed by the following:

"Taxation by a State of the shares in national agricultural credit corporations, or of dividends derived therefrom, or of the income of said corporations, or real estate owned by them, shall be such only as is or may be authorized by law in the case of national banking associations; and taxation by a [632] State of the debentures or other obligations of such corporations shall not be at a higher rate than the rate applicable to other moneyed capital in the hands of individual citizens thereof."*

The following decisions disclose that because plaintiff bank's shares were taxed at a different rate, or assessed by a different method than the method employed to tax the building and loan associations, does not violate RS § 5219:

*12 USCA, § 932—Reporter.

*12 USCA, § 1261—Reporter.

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Tradesmens National Bank of Oklahoma City v. Oklahoma Tax Commission (1940), 309 US 560, 567 (60 S Ct 688, 84 L ed 947) :

"A consideration of the course of judicial decision on RS § 5219 and its predecessors can leave no doubt that the various restrictions it places on the permitted methods of taxation are designed to prohibit only those systems of State taxation which discriminate in practical operation against national banking associations or their shareholders as a class. Compare *First National Bank v. City of Hartford*, 273 US 548 (47 S Ct 462, 71 L ed 767, 59 ALR 1) ; *Amoskeag Savings Bank v. Purdy*, 231 US 373 (34 S Ct 114, 58 L ed 274) ; *Covington v. First National Bank of Covington*, 198 US 100 (25 S Ct 562, 49 L ed 963) ; *Lionberger v. Rouse*, 9 Wall (76 US) 468 (19 L ed 721). Thus it is not a valid objection to a tax on national bank shares that other moneyed capital in the State or shares of State banks are taxed at a different rate or assessed by a different method unless it appears that the difference in treatment results in fact in a discrimination unfavorable to the holders of the shares of national banks. *Amoskeag Savings Bank v. Purdy*, *supra*; *Covington v. First National Bank of Covington*, *supra*."

Covington v. First National Bank of Covington (1905), 198 US 100, 114, 115 (25 S Ct 562, 49 L ed 963) :

[633] "As to the alleged discrimination against shareholders in national banks because the assessment of the property of State banks is upon the franchise and not upon the shares of stock, there is nothing in the bill to show that this difference in method operates to discriminate against national bank shareholders by assessing their property at higher rates than are imposed upon capital invested in State banks. And as to the deduction of the value of real estate and other deductions allowed to State banks, the supreme court of Kentucky has held that all deductions allowed to State banks must be allowed in like manner in assessing the property of shareholders in national banks, *Commonwealth v. Citizens' National Bank*, 117 Ky 946 (80 SW 159). Nor does the

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allegation that in cities of the first, second, and third class State banks are assessed upon their shares for city taxation, but upon their franchises and property for State and County taxation, in the absence of averments of fact showing that thereby a heavier burden of taxation is imposed upon national than State banks in such cities, warrant judicial interference for the protection of shareholders in national banks. *Davenport Bank v. Davenport Board of Equalization*, 123 US 83 (8 S Ct 73, 31 L ed 94)."

People v. Weaver (1879), 100 US 539 (25 L ed 705), held that the restriction contained in the act of congress (section 5219) had to do with the actual incidence and practical burden of the tax upon the taxpayer.

Appellees introduced testimony, which was not controverted, that building and loan associations pay taxes which appellant bank does not pay (franchise, capital stock increase, use, and personal property taxes), and further disclosed that the ratio of State and local taxes to total assets of the associations was .089, while appellant's rate was .091; and, also, in regard to the proportion of the intangible tax [634] to the total assets of national banks in Michigan and the proportion of the Michigan franchise tax to the total assets of all savings and loan associations showing a ratio of .02459 for all Michigan national banks and .02243 for all State savings and loan associations.

In dealing with the phrase "coming into competition with the business of national banks" as used in RS § 5219, the court in *First National Bank of Guthrie Center v. Anderson, County Auditor* (1926), 269 US 341 (46 S Ct 135, 70 L ed 295), stated (pp. 347, 348) :

"The earlier decisions have been reviewed from time to time in later cases, and all, taken collectively, may be summarized as showing, so far as is material here

"1. The purpose of the restriction is to render it impossible for any State, in taxing the shares, to create and foster an unequal and unfriendly competition with na-

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tional banks, by favoring shareholders in State banks or individuals interested in private banking or engaged in operations and investments normally common to the business of banking. *Mercantile Bank v. New York*, 121 US 138, 155 (7 S Ct 826, 30 L ed 895) ; *Des Moines National Bank v. Fairweather*, 263 US 103, 116 (44 S Ct 23, 68 L ed 191).

"2. The term 'other moneyed capital' in the restriction is not intended to include all moneyed capital not invested in national bank shares, but only that which is employed in such way as to bring it into substantial competition with the business of national banks. *Mercantile Bank v. New York*, *supra*, 157; *Aberdeen Bank v. Chehalis County*, 166 US 440, 461 (17 S Ct 629, 41 L ed 1069).

"3. Moneyed capital is brought into such competition where it is invested in shares of State banks or in private banking; and also where it is employed, substantially as in the loan and investment features [635] of banking, in making investments, by way of loan, discount or otherwise, in notes, bonds, or other securities with a view to sale or repayment and reinvestment. *Mercantile Bank v. New York*, *supra*, 155-157; *Palmer v. McMahon*, 133 US 660, 667, 668 (10 S Ct 324, 33 L ed 772) ; *Talbot v. Silveer Bow County*, 139 US 438, 447 (11 S Ct 594, 35 L ed 210).

"4. The restriction is not intended to exact mathematical equality in the taxing of national bank shares and such other moneyed capital, nor to do more than require such practical equality as is reasonably attainable in view of the differing situations of such properties. But every clear discrimination against national bank shares and in favor of a relatively material part of other moneyed capital employed in substantial competition with national banks is a violation of both the letter and spirit of the restriction. *People v. Weaver*, 100 US 539 (25 L ed 705) ; *Boyer v. Boyer*, 113 US 689, 701 (5 S Ct 706, 28 L ed 1089) ; *First National Bank of Wellington v. Chapman*, 173 US 205, 216 (19 S Ct 407, 43 L ed 669)."

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Building and loan associations are incorporated in Michigan under PA 1887, No. 50, as amended, and the purpose of such associations is set forth in section 1,* as follows:

"Building and improving homesteads, * * * accumulating money to be loaned to its members * * * or assisting its members to accumulate and invest their savings."

Section 37 of the act provides:

"No building and loan association shall, directly or indirectly, do a banking business." (CL 1948, § 489.37 [Stat Ann 1957 Rev § 23.580]).

The fundamental difference between a bank making loans from deposits and loans made otherwise, was recognized in *First National Bank of Shreveport* [636] v. *Louisiana Tax Commission* (1933), 289 US 60, 64 (53 S Ct 511, 77 L ed 1939, 87 ALR 840), where it is said:

"If we may take judicial notice of the functions of these alleged competitors of the plaintiffs, there appears ample basis for the classification, among other things, in this: There is a fundamental difference between banks, which make loans mainly from money of depositors, and the other financial institutions, which make loans mainly from the money supplied otherwise than by deposits."

Appellant relies on *First National Bank of Hartford v. City of Hartford* (1927), 273 US 548 (47 S Ct 462, 71 L ed 767, 59 ALR 1), and states that the trial court:

"Erroneously predicated his decision upon the proposition that savings and loan associations were different in character and in purpose from national banks, and, therefore, could not compete as a matter of law, within the meaning of RS § 5219. This is directly contrary to the ruling of the United States supreme court that:

"Competition in the sense intended [by RS § 5219] arises not from the character of the business of those who compete but from the manner of the employment of the capital at their command." *First National Bank of Hartford v. City of Hartford* (1927), 273 US 548, 557."

*See CL 1948, § 489.1 (Stat Ann 1957 Rev. § 23.541)—Reporter.

Appellant, recognizing that its contention was contrary to the cases above cited allowing partial exemption for savings banks and building and loan associations (and particularly was this true in regard to *Bank of Redemption v. Boston*, 125 US 60 [31 L ed 689]) states:

"However, a contention was made by the plaintiff national bank that Massachusetts savings banks were permitted to transact a banking business in the way [637] of loans upon personal securities which more closely assimilated them to national banks, than to the savings banks such as were involved in *Mercantile (Mercantile Bank v. New York)*. This argument the court summarily considered and dismissed, saying (in *Bank of Redemption v. Boston*, *supra*, 68) :

"But the difference mentioned, if it exists at all, is immaterial; the main purpose and chief object of savings banks, as organized under the laws of Massachusetts, are the same as those in New York, as considered in the case of the *Mercantile Bank*. They are substantially institutions, under public management, in pursuance of a great and beneficial public policy, organized for the purpose of investing the savings of small depositors, and not as banking institutions in the commercial sense of that phrase."

"To the extent that this case stands for the proposition that the character, object, and purpose of an institution claimed to be in competition with a national bank was determinative rather than the manner of employment of its capital, this case must be deemed to be overruled by the later cases which held, as stated in *First National Bank of Hartford v. Hartford* (1927), *supra*, 557, 558:

"Section 5219 is not directed merely at discriminatory taxation which favors a competing banking business. Competition in the sense intended arises not from the character of the business of those who compete but from the manner of the employment of the capital at their command. * * * To so restrict the meaning and application of section 5219 would defeat its purpose."

Michigan Supreme Court Opinion

We do not agree with appellant that the *Hartford* decision overruled the *Bank of Redemption Case*, but agree with appellees' answer:

"Appellant attempts to persuade us that the *Bank of Redemption* decision was overruled by *First National Bank of Hartford v. Hartford*, 273rd US 548. There is utterly nothing in the *Hartford* decision [638] which expressly or impliedly undertakes a repudiation of *Bank of Redemption*. *Hartford* was addressed to a situation where sweeping preferences were granted to large areas of competing money capital."

The *Hartford* decision established that a mixed question of fact and law is involved in determining the question of "substantial competition" and stated (p 552) :

"The validity of the tax complained of depends upon whether or not the moneyed capital in the State thus favored is employed in such a manner as to bring it into substantial competition with the business of national banks.

"The question thus raised involves considerations both of fact and of law. To answer it, it is necessary to ascertain the nature and extent of the moneyed capital in the hands of individual citizens within the State and the relation of its employment, in point of competition, to the business of plaintiff and other national banks. It is necessary also to ascertain the precise meaning to be given the statute as applied to the facts in hand in order to determine whether the particular moneyed capital and the particular competition with which we are here concerned are moneyed capital and competition within the spirit and purpose of the statute. The question is thus a mixed one of law and fact, and in dealing with it we may review the facts in order correctly to apply the law."

Not only did the *Hartford* decision deal with sweeping exemptions for a large number of competing institutions, but the equivalence of the tax imposed on national banks and other institutions was not considered, as evidence by the following (pp 551, 552) :

Michigan Supreme Court Opinion

"The court below assumed, and it was not questioned upon the argument here, that this tax is not to be taken as an equivalent or substitute for the *ad* [639] *valorem* tax levied upon bank shares and no question of the possible equivalence of the 2 schemes of taxation is presented."

First National Bank of Hartford v. City of Hartford, *supra*, established that "approximate equality in taxation" was a major test, by stating at page 560:

"But a consideration of the entire course of judicial decision on this subject can leave no doubt that State legislation and taxing measures which by their necessary operation and effect discriminate against capital invested in national bank shares in the manner described are intended to be forbidden."

The record in this appeal discloses that Michigan building and loan associations operated in a narrow, restricted field, are markedly different in character, purpose and organization from national banks, and are not in "substantial competition" with national banks.

The record establishes that there was practical equality of the total tax imposed upon building and loan associations and upon national banks, and any difference would be justified as partial exemptions under the decisions of the supreme court of the United States quoted above. The restriction contained in RS § 5219 has to do with the actual incidents and practical burden of the tax imposed. (See *People v. Weaver*, 100 US 539 [25 L ed 705].)

Appellant, as a taxpayer claiming immunity from the tax, had the burden of establishing its right to the exemption. There is no presumption of unlawful discrimination or that Michigan PA 1953, No. 9, imposed a tax "at a greater rate than [was] assessed upon other moneyed capital in the hands of individual citizens of such State coming into competition with the business of national banks." To meet this test, appellant had to introduce proof that was "manifest." (See *Hepburn v. School Directors*, 23 Wall [640] [90 US] 480 [23 L ed

Michigan Supreme Court Opinion

112], and *Norton Company v. Department of Revenue of Illinois*, 340 US 534 [71 S Ct 377, 95 L ed 517].) Plaintiff failed to meet this burden of proof.

We reiterate and approve the finding of the trial court:

"That Michigan's tax treatment of savings/building and loan associations is based upon just cause and does not evidence an intent to create or foster a hostile or unfriendly discrimination against national banks."

Affirmed. No costs, a public question involved.

DETHMERS, C. J., and CARR, SMITH and EDWARDS, JJ., concurred.

KAVANAGH and BLACK, JJ., did not sit.

SOURIS, J., took no part in the decision of this case.

Judgment of Michigan Supreme Court

**AT A SESSION OF THE SUPREME COURT OF THE
STATE OF MICHIGAN, Held at the Supreme Court Room,
in the Capitol, in the City of Lansing, on the 25th day of
February in the year of our Lord one thousand nine hundred
and sixty.**

Present the Honorable

**Michigan National Bank,
Plaintiff and Appellant,
vs. 48138
Department of Revenue, et al.,
Defendants.**

**JOHN R. DETHMERS,
Chief Justice,
LELAND W. CARR,
HARRY F. KELLY,
TALBOT SMITH,
GEORGE EDWARDS,
Associate Justices.**

The record and proceedings in this cause having been brought to this Court by appeal from the Court of Claims, and the same, and the grounds of appeal specified therein, having been seen and inspected and duly considered by the Court, and it appearing to this Court that in said record and proceedings, and in the giving of judgment in said Court, there is no error, Therefore it is ordered and adjudged that the judgment of said Court of Claims be and the same is hereby in all things affirmed, and that no costs be awarded herein.

[fol. 1370]

IN THE SUPREME COURT OF THE STATE OF MICHIGAN

Appeal from the Court of Claims

Honorable Fred N. Searl, Circuit Judge,
Acting Judge of the Court of Claims

No. 48,138

MICHIGAN NATIONAL BANK, a banking association organized under the laws of the United States, Plaintiff and Appellant,

NATIONAL BANK OF WYANBETTE, THE FIRST NATIONAL BANK (THREE RIVERS, MICHIGAN), COMMERCIAL NATIONAL BANK OF IRON MOUNTAIN, THE NATIONAL BANK OF JACKSON, and THE FIRST NATIONAL BANK AND TRUST COMPANY OF KALAMAZOO, banking associations organized under the laws of the United States, Intervening Plaintiffs,

v.

STATE OF MICHIGAN, DEPARTMENT OF REVENUE OF THE STATE OF MICHIGAN, and LOUIS M. NIMS, STATE COMMISSIONER OF REVENUE, Defendants and Appellees.

NOTICE OF APPEAL TO THE SUPREME COURT OF THE
UNITED STATES—Filed May 17, 1960

I. Notice is hereby given that Michigan National Bank, the plaintiff and appellant above named, hereby appeals to the Supreme Court of the United States from the final judgment of the Supreme Court of the State of Michigan filed February 25, 1960, affirming the dismissal of the complaint entered in this action.

This appeal is taken pursuant to 28 U.S.C. Sec. 1257 (2).

[fol. 1371] II. The Clerk will please prepare a transcript of the record in this cause for transmission to the Clerk of the Supreme Court of the United States and include in said transcript the following:

1. Appellant's Appendix (Vols. I, II, III).
2. Appellees' Appendix.
3. Opinion of the Michigan Supreme Court.
4. Final judgment.
5. Notice of Appeal to the Supreme Court of the United States.
6. Proof of Service of Notice of Appeal.

III. The following questions are presented by this appeal:

1. Does Revised Statute, Section 5219 (12 U. S. C. Sec. 548), prohibit the State of Michigan from taxing (through Act 9 of the Public Acts of 1953) national bank shares at a rate 8 (or more) times greater than "other moneyed capital in the hands of individual citizens" consisting of shares in state and federal savings and loan associations, where the savings and loan associations, privately managed and operated for profit, are in direct competition with a substantial phase of the national banking business, to wit, the business of making residential mortgage loans to the public in the same areas, and such moneyed capital is more than 3 times as large as the total capitalization of all national banks in Michigan?

2. Are savings and loan associations in Michigan which employ large amounts of moneyed capital in direct, actual, economic competition with a substantial phase of the business of national banks, precluded from "coming into competition with the business of national banks" under R. S. 5219, merely because their "character, purpose and organization" is different from national banks and by statute they may not do "a banking business," or "accept deposits"?

3. Under R. S. 5219, is it proper to ignore the undisputed fact that Act 9 of the Public Acts of Michigan, 1953, is a tax upon national bank shares (assets of the bank less liabilities)—at a rate 8 (or more) times greater than

is assessed upon other competing moneyed capital—and to substitute a different method of testing discrimination, to wit, comparing the ratio of tax dollars paid to total assets of the respective institutions, without deducting liabilities, thus treating the tax as though it were upon assets of the national bank(s), which is not authorized under R. S. 5219, rather than a tax upon the bank shares?

4. Notwithstanding that R. S. 5219 was enacted "to prevent the fostering of unequal competition with the business of national banks by the aid of discriminatory taxation," may a state, under a claimed doctrine of "partial exemption," nevertheless discriminate taxwise against shares of national banks in favor of other moneyed capital invested by the general public, for profit, in shares of savings and loan associations, which associations, privately managed and operating for profit, employ such moneyed capital (three times the capitalization of national banks in Michigan) in direct competition with a substantial phase of the business of national banks?

Butzel, Eaman, Long, Gust & Kennedy, By Thomas G. Long, Victor W. Klein, Philip T. Van Zile, II, Harold A. Ruemenapp, 1881 First National Building, Detroit 26; Michigan, Telephone: Woodward 3-8142.

May 16, 1960.

[fol. 1373] Affidavit of Service (omitted in printing).

[fol. 1375] [File endorsement omitted]

[fol. 1376] Clerk's Certificate to foregoing transcript (omitted in printing).

[fol. 1377]

SUPREME COURT OF THE UNITED STATES

No. 155, October Term, 1960

MICHIGAN NATIONAL BANK et al., Appellants,

vs.

MICHIGAN et al.

Appeal from the Supreme Court of the State of Michigan.

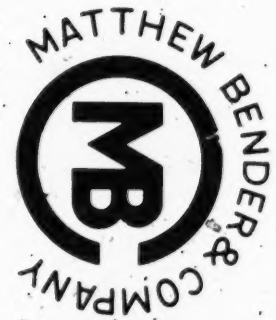
ORDER NOTING PROBABLE JURISDICTION—October 10, 1960

The statement of jurisdiction in this case, having been submitted and considered by the Court, probable jurisdiction is noted.



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